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Japan

Tokyo Voices 'Grave Concern' Over U.S. Supercomputer Bill

OW2006074096 Tokyo KYODO in English 0725 GMT 20 Jun 96

[FBIS Transcribed Text] Tokyo, June 20 KYODO — Japan has conveyed its "grave concern" to the United States over a bill that could bar the National Science Foundation from buying supercomputers from NEC Corp. of Japan, a senior trade ministry official said Thursday [20 June].

The bill "could violate the principle of nondiscrimination in government procurement," Vice International Trade and Industry Minister Tomio Tsutsumi said at a news conference.

The 1997 appropriations bill for the federal research body has a clause calling for suspending the salaries of staff who approve the purchase of any supercomputer determined by the U.S. Commerce Department as being sold below fair value.

While the bill does not name NEC, the Commerce Department has been tacitly pressing the foundation to cancel a contract it awarded last month involving the use of NEC supercomputers, arguing the deal does not represent fair value.

Describing the bill as "mysterious," Tsutsumi said it deviates from antidumping rules, which allow for tariff hikes to counter dumping but authorize no such action as a salary freeze.

The bill will be put to a vote later in the day by the U.S. House of Representatives.

The foundation awarded the contract to a U.S. company that offered a system based on NEC supercomputers for advanced climatic simulations at the National Center for Atmospheric Research.

The deal made headlines as the first U.S. Government purchase of a Japanese supercomputer.

Cray Research Inc. of the U.S., which also bid for the deal, has expressed concern that Japanese rivals offered unfairly low prices in the bidding, indicating it could file a request for antidumping investigations by the Commerce Department.

NEC denies the dumping allegation.

Japan: Text of MITI Opinion on Semiconductor Arrangement

OW2006013196 (Internet) Japanese Ministry of International Trade and Industry WWW in English 18 Jun 96

[Information released by the Japanese Ministry of International Trade and Industry; from the "Special Issues" link]

[FBIS Transcribed Excerpt] Opinion of MITI June 18, 1996

The U.S.- Japan Semiconductor Arrangement is Scheduled to Expire on July 31, 1996. It Should not be Renewed.

It is the opinion of Japanese Government that: Market mechanisms, coupled with voluntary cooperation between industrial enterprises, should replace the special treatment now accorded to the semiconductor trade by government regulators. This is appropriate because:

The Japanese semiconductor market is now fully open to foreign suppliers. FACT 1

Foreign-based semiconductor sales have grown almost 850% over the last 10 years and now account for 30.2% of the Japanese market. [passage omitted] FACT 2

Joint development between foreign semiconductor manufactures and Japanese industrial end users ("design-ins") have increased over 900% between 1986 and 1995. Specially designed foreign chips are now in dispensable components of many Japanese products from camcorders to portable telephones to automobile engine controls. This is an irreversible trend which is indicative of the global structure of the semiconductor industry. [passage omitted]

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Japan: Opposition to U.S. Plan To Postpone Marine Settlement Talks

OW2006043596 Tokyo NIHON KEIZAI SHIMBUN in Japanese 18 Jun 96 Evening Edition p 3

[By Hisao Tonedachi]

[FBIS Translated Text] Geneva, 17 Jun — At the plenary session of the Marine Transportation Service talks under the World Trade Organization (WTO) held 17 June, the U.S. Government proposed that the plan to reach a settlement by the deadline of talks on 30 June be postponed and that the liberalization talks should be resumed at the next WTO service trade negotiations expected to start by 2000. However, opposing strongly to this proposal, Japan and the European Union (EU) maintained: "Even if the deadline should be extended, efforts should be made to reach an accord at a much earlier time."

Japan: National Security Without U.S. Bases Urged

962B0084A Tokyo VOICE in Japanese May 96 pp 150-161

[Article by Terumasa Nakanishi, Kyoto University professor: "Changing of the Times for Maintaining the National Security Without U.S. Bases"]

[FBIS Translated Text]

Time for "Security Without Bases"; An End to "U.S.-Japan Security Treaty"?

New Horizon in Post-Cold War U.S.-Japanese Relations Lies in "U.S.-Japanese Entente"

Accidents and twists of fate hold various significance in history. What really will be the influence of the five-month postponement of U.S.-Japan summit talks soon to be held that initially were scheduled for November last year? That probably will not be clear until after a considerable time has passed.

At any rate, during these past five months, the presidential election in the United States has begun in earnest and the nature of the election fight in November roughly is taking shape. In Japan, there has been a change from the Murayama/Socialt Democratic Party of Japan (SDPJ) cabinet to the Hashimoto/Liberal Democratic Party (LDP) cabinet, Ichiro Ozawa has been appointed to the post of party chief in Shinshinto, and the political situation has shifted to a new composition with Hashimoto versus Ozawa.

Moreover, by making it an April visit to Japan, it seems that the problem of renewal of the U.S.-Japan Semiconductor Agreement that is facing expiration in the summer will become an important issue in the summit talks.

When all is said and done, however, the influences of the China-Taiwan "crisis" that occurred in the meantime will be noted on the U.S.-Japan "joint announcement on security" considered to be the greatest theme of the summit talks.

That is because the incident of the rape of the girl in Okinawa, which occurred right before the summit talks in November last year that had been set up as an occasion to declare a "redefinition" of U.S.-Japan security, has become a turn of events that completely will change the talks to an occasion where the reduction of bases and U.S. troop strength will be considered a theme of great importance.

The point that will attract the greatest attention concerning Clinton's visit to Japan will be what impact the tension in the Taiwan Strait, which reached a climax at the time of the Taiwan presidential election in March, will have on this U.S.-Japan "joint announcement on security."

At least those within Japan who have sought a reduction in U.S. military bases on Okinawa and U.S. troop strength in Japan have more or less retreated in the background due to the tension in the Taiwan Strait. On the other hand, public opinion is more or less converging to a situation of "national unity" in the form that the renewal of the semiconductor agreement should be firmly rejected in Japan. Be that as it may, will "Taiwan" have some impact not only on Okinawa, but also on semiconductors?

The recent speed in the tempo of the international situation has greatly changed in nature in the interval of just a few months. How should we deal with this "changeability" that can be called a characteristic of the post-Cold War world? This is the very time when we probably should resign ourselves to aim for a somewhat broader view because of the dizzying changes before us.

When you think about it, various "crises" have passed before our eyes one after the other since the Gulf War and the collapse of the Soviet Union.

In the winter of 1992-1993, a large number of people starved to death in Russia and the possibility that a civil war would break out was widely reported.

From 1993 to 1994, the imminence of a "Second Korean War" was voiced with U.N. sanctions for nuclear allegations against North Korea as the trigger and the dispatch of U.S. aircraft carriers to the Japan Sea and Yellow Sea were reported.

A series of tense moments concerning Chinese military maneuvers in the Taiwan Strait since summer of last year also probably can be classified as a kind of "virtual crisis" on this point.

This time, however, it was played out as a yokozuna-class [sumo rank] "confrontation" with the United States and China as the actors. How will the response of the United States, which showed an unexpectedly strong posture on intervention, unfold in the future? It probably will be necessary to note fully that development.

Dilemma Lies Before Us

The situation concerning the U.S.-Japan Security Treaty cannot avoid cloudiness now by any means. Even though the "Joint Proclamation on Security" will be extolled loudly by the summit talks, it is believed that basically probably nothing will be changed.

Considering that Japanese public opinion probably swayed all at once in the direction that U.S. bases and furthermore, U.S. Forces in Japan and the U.S.-Japan Security Agreement might be unnecessary when the girl rape case occurred in Okinawa, now the tone is that the pendulum has swung suddenly in the opposite direction viewing the military maneuvers by China off Taiwan.

This indicates that the world has fallen into a situation where we do not have any idea at all about which way we are moving. At the bottom of that is the fact that first of all, our eyes have been dazzled by various images of how we should view the post-Cold War world and we have not been focused at all.

Nevertheless, why has the attitude of the Japanese people about the U.S.-Japan Security Treaty swung so greatly like this? It probably will be necessary to look at that point in considerable detail.

To consider the reasons, first of all, it can be cited that the strategic environment of East Asia which encompasses Japan now is in a very complicated situation characteristic of inordinate times. Generally speaking, three different trends are complicating Asia now and the situation has become extremely difficult to see.

First of all, at the present time, being behind Europe, on the whole, Asia is in the swirl of the post-Cold War structure settlement process and a big point is that there has been no smooth structure collapse like in Europe. In other words, like the saying that "the most dangerous time is when the ice is about to melt," a part of the current East Asian situation is that risks are gradually increasing along with the collapse as "that time" approaches.

The Kim Chong-il order of North Korea is the last "dregs of the Cold War," but it is believed that order is now certainly heading for collapse.

Defense Secretary Perry appealed for the need of immediate aid at the end of February, considering that the North Korean situation "is very serious for the economy due to a food crisis" and there is a possibility that political order is headed for a catastrophe soon.

Furthermore, Ezra Vogel, who was a CIA [Central Intelligence Agency] East Asian analyst officer in the Clinton administration until last year (now a professor at Harvard University), says the collapse of the North will be "within two to three years." (Page 7, 2 April issue of SEKAI SHUHO) According to SANKEI SHIMBUN, he had thought up until the beginning of this year that "there is little possibility that North Korea will collapse within 20 to 30 years from now." (4 Jan issue SANKEI SHIMBUN)

In any case, the crisis in the North has become more serious. Put in other words, however, it means that at least the crisis risk will lessen after a set time in the future has passed. The reason why is because, naturally, this kind of extreme situation does not normally continue long.

The Cold-War-type nature of China-Taiwan relations with solidified Chinese-Taiwanese opposition with the United States mediatingd between the two like now, was born starting from the Korean War. That being the case, why has the Chinese-Taiwanese opposition intensified now? In any case, since "that time" is approaching as to which direction they will head, maintenance of the status quo consciousness of unity or independence, it is believed that the Chinese-Taiwanese opposition will again embroil the United States into increasingly heading toward a climax. Speaking further, it can be said that China's continuance of a one-party dictatorship system as before can be called a "dregs of the Cold War" in a great sense. Taking a wide view, these will be settled sooner or later, yet it must be said that a great cloudiness remains in that process in this case.

Running parallel with that, however, a vigorous regional cooperation trend has surfaced in Asia now with APEC, the ASEAN Regional Forum (ARF), and others.

At the Osaka APEC, a spectacle was seen where representatives of China and Taiwan, who have quarreled incessantly since the U.S. visit of Li Teng-hui, conversed and discussed Asia-Pacific cooperation, and at the ARF in Brunei last summer, a move also was seen by China and various ASEAN countries to discuss a settlement of the Nansa [Spratly Islands] problem based on the "U.N. Law of the Sea."

That being the case, it may be understood why a confused image has been created in the eyes of many Japanese as to whether in short, tensions now are increasing in Asia or are gradually relaxing.

Furthermore, as a third trend, relations of fellow sovereign nations in post-Cold War Asia are complexly intermingled and a trend aiming at a kind of classical balance of power there also is surfacing.

Speaking of U.S.-North Korean relations, two or three years ago, two U.S. aircraft carriers were dispatched concerning the nuclear allegations against North Korea like in the Taiwan Strait now, and it produced a very critical situation, but afterward, the United States extended a hand in energy assistance to North Korea with the actual state of the nuclear allegations still unclear and has embarked on massive aid of $2 million in the food crisis since last year in spite of South Korean opposition.

Furthermore, recently moves have appeared to embark on removing the economic sanctions against North Korea that have continued since the Korean War. Consequently, a report that "a Coca Cola plant is under construction in Pyongyang" now is not that strange of news.

The Korean Peninsula policy of the United States includes future unification in the horizon and now, little by little, it is beginning to assume the appearance of a balance of power policy aimed against China, Japan and Russia. At the end of last year, a high official of North Korea told representatives of the U.S. Foreign Affairs Council visiting North Korea that "If the United States wants to balance the increasing power of China, they should establish relations with us." (FAR EASTERN ECONOMIC REVIEW, 21 December 1995)

In other words, it is becoming a complex situation where on the one hand, moves are beginning aimed at fulfilling a security function centrally in the regional along with the Cold War collapse process that is proceeding now in Asia and at the same time, a balance of power pattern also is surfacing and consequently, the big situation has been difficult to grasp in the eyes of many Japanese.

However, it cannot be forgotten that there also are rather big currents behind these three trends.

One is that the trend of prosperous economic development in Asia is continuing and there is a move to anchor it as a worldwide growth zone and at the same time, it is promoting rapid social changes and a transformation in the sense of values of the various nations of Asia. Moreover, it is creating instability in one aspect, but it is creating a tendency toward new unity and cooperation in Asia in another.

Another big current is the point that it is believed that the military presence of the United States inevitably will "withdraw" as a long-term trend. However, as will be seen later, this is a proceeding aimed at a balancing point while being accompanied by various methods to cope with it in several aspects and it cannot be the classic scenario of isolationism where one day everything suddenly is "withdrawn" all at once.

In any case, however, prospects that the United States will return some day as a "long-term trend" is either secretly or openly embraced by various nations of Asia now, and it probably is necessary to remain aware that it is behind many situations.

Finally, there is the element of "Japan itself" as a general factor that is behind the Asian security situation now and is decisively clouding the eyes of Japanese who see it.

How should we ensure Japan's security heading toward the 21st century? How will we take part in the new international society of Asia that is surfacing? How should we handle constitutional issues? The current situation in which the answers to these problems that involve "choices by Japan," so to speak, have not appeared, has further confused our eyes viewing the international situation and put us at the mercy of various moves for that purpose, swinging from one extreme to the other.

An ubiquitous dilemma certainly is stretched out before us there concerning "situations" and "choices" where "choices" are demanded even though the "situation" cannot be seen fully. However, at least the Japanese people now have lacked the force to press hard on the "situation" concerning the future image of the U.S.-Japan Security Treaty so they might see it, and it seems they are purposely avoiding a discussion of the problem of "choice" for the same reason.

The Middle East, Not Asia

It seems that the problem of bases in Okinawa naturally will be taken up in the U.S.-Japan summit talks, but the heart of the problem is the issue of how to deal with the line of the U.S. Government "East Asia Strategy Report" (Nye Report) which considers maintaining a U.S. troop strength of 100,000 in East Asia of which 47,000 will be in Japan for the next 10 to 20 years, and that holds the essential key to base reduction.

As opposed to this, the "Base Return Program" that Okinawa Prefecture is proposing seeks a return of Futenma Airfield and the naval port of Naha by 2001, Camp Hansen, a Marine base, by 2010, and Kadena Airfield by 2015. Naturally, it is in direct opposition to the "Nye Report." In any case, however, it must be said that on the whole it has an unrealistic outlook as a premise from the point of considering that the current structure of U.S. Forces in Japan will basically continue for 20 years. The "20 years" of the "Nye Report" means idealistically that "they will not withdraw hastily," but it is believed that there is an ironic "twist" in the Okinawa Prefecture program which sees Camp Hansen continuing at least until 2010.

It is believed that the United States probably will begin a review of its "forward deployment strategy" on a global scale within the next five to 10 years. This very strategy currently forms the core of the basic policy of stationing 200,000 U.S. military overseas in Asia and Europe, but there is a great possibility that a fundamental review of it will be made from the end of this century to the beginning of the next century.

A plan to liquidate the financial deficit by 2002 now is being discussed by the Congress and the White House in Washington, but premises of that are that economic growth over the next five to six years will be a nominal 5.1 percent and that a large increase in tax revenue is anticipated at the same time.

The U.S. economy certainly is good now, but considering cycles and the foreign debt which continues to increase rapidly, they have established an interest forecast that is too low, there is no guarantee on liquidation of the deficit even though they have a plan and cut backs in the welfare budget will have their own limitations due to political trends at the end of the century. Ultimately, there probably will be a greater focus than ever before on fiscal issues in the 2000 presidential election.

In that case, nothing can be done but touch national defense costs which still account for 20 odd percent of fiscal expenditures. Furthermore, the "Nye Report" explains that benefits to the U.S. economy can be expected in Asia due to the stationing of U.S. Forces in East Asia, but this also will be linked to rethinking a maintenance of presence if participation in Asian markets does not proceed as expected.

Furthermore, the worldwide reorganization of the U.S. Forces structural makeup that was announced in February this year suggests the possibility that it will create changes in the course of forward deployment in Asia. According to that, ships and military personnel of U.S. Forces in the Pacific that have been included from the center of the Indian Ocean to the west will be separated from the Pacific Forces and attached to "Middle East Forces."

In other words, U.S. Forces in the Pacific which previously had covered from the west coast of the United States to the Cape of Good Hope as one body will be "cut back" and this indicates that in the future, the United States will begin to hold the Middle East and not Asia as the front of forward deployment.

On this point, it brings to mind the outlook concerning "Oil Supply and Demand in 2010" that was published by the U.S. Department of Energy in January this year where a serious price rise and market tightening of oil in the 21st century is forecast. At the same time, an article called "The Birth of the American Tertiary Empire" published by Michael Lind and J. Heilbrun at the beginning of this year indicates the same trend. (NEW YORK TIMES, 3 Jan)

According to this, the United States, which went from its "primary empire" at the beginning of this century exercising control over the Philippines and Cuba in the Spanish-American War and secured a "secondary empire" in an unofficial form after World War II via its alliance relationships with Asia and Europe, is viewed to have entered a new "tertiary empire" era after the Cold War in which it controls the Middle East via victory in the Gulf and dispatch of troops to Macedonia and Bosnia.

Looking at this as a whole, in the U.S. view, by having the whole earth within its embrace, so to speak, through full-scale inroads into the Middle East which is on the opposite side of the globe, it can reduce the stationing in Asia and Europe which lay in between and at the same time, also immobilize China which is increasing its dependency on Middle East oil, and the option of "liquidation by absorption" of forward deployment will be possible.

Furthermore, even though there are complications in Europe, they probably will embark on establishment of their own European defense and security mechanism extolled in the Maastricht Treaty [Treaty on European Union] after 2000. In that case, it is believed that a considerably large-scale reduction of the 100,000 U.S. military troop strength now in Europe will begin.

If viewed in this way, it must be said that it is rather difficult to believe that U.S. Marines will continue to be at Camp Hansen in Okinawa at the 2010 point in time.

"U.S.-Japan Security Treaty Without U.S. Forces In South Korea"

Thinking thus, what really will be the future image of the U.S.-Japan Security Treaty? Considering the current unstable elements of the Korean Peninsula and China-Taiwan relations in the vicinity of Japan, it goes without saying that maintenance of it is indispensable at least for the time being.

When considering the future image of security, however, it is important to explore the most possible prospects among them even though there are these cloudy elements, and discussion linked to long-term concepts from a big field of view while adding revisions gradually is by all means necessary when considering options on the fundamental issue of a nation's security which requires a long lead time.

Just the other day, an important U.S. think tank sent me a 70-page report. That report, which is entitled "New Alliances For The Next Century," discussed the possibility of U.S. Forces continuing to be stationed on the Korean Peninsula after the unification of North and South Korea which is expected at the end of this century.

Around the same time, a high government official of North Korea stated to a scholar of the U.S. Carnegie Foundation who was visiting Pyongyang that "We believe that U.S. Forces in South Korea are maintaining a balance of power in East Asia. Without U.S. Forces, the whole Korean race of North and South would be exposed to threats by China, Russia, and Japan. The existence of U.S. Forces has been a help to us." However, it must be said that China grasps the key to that.

On the occasion of the unification of Germany, Gorbachev allowed the unified Germany to remain in NATO and for that reason, Russia now is being threatened by the fear that not only Poland and Czechoslovakia, but even the three Baltic nations will join NATO. Viewing this, would China allow the advancement of U.S. Forces to the northern end of the peninsula and the Yalu River where they actually fought a life and death struggle with U.S. Forces?

Furthermore, in the United States, it is difficult to believe that public opinion and Congress, which are calling for a reduction in the fiscal deficit, will support the stationing of U.S. Forces after the disappearance of the threat of North Korea, which was the reason for the existence of U.S. Forces in South Korea.

In other words, the possibility that a completely new situation will be created of a "U.S.-Japan Security Treaty without U.S. Forces in South Korea" can be foreseen with considerable probability from the end of this century to the beginning of the next century.

It was the outbreak of the Korean War that became the direct occasion for the birth of the U.S.-Japan Security Treaty. In the 45 years since then, U.S. Forces stationed on the Korean Peninsula have been a great pillar supporting the U.S.-Japan Security Treaty ("postwar security") up to now, so to speak, in terms of strategy. "the U.S.-Japan Security Treaty without U.S. Forces in South Korea" truly means an identity crisis for the postwar U.S.-Japan security structure.

Nevertheless, it can be believed that U.S.-Japan Security Treaty will remain so long as the "threat of China" remains. However, two difficult problems are created there.

First, what kind of response will China take when the U.S.-Japan Security Treaty clearly is considered "an anti-China alliance"? Along with China's current hard-line policy toward Taiwan certainly being a problem involving sovereignty which they cannot concede, it is believed that the temporary increase in the influence of the military in the post-Deng Xiaoping transition period is a factor. However, another thing that cannot be forgotten there is that the aspect of an expression of their foreign policy on the United States has been hidden, based on China's unique calculations of initially pressing with an excessively hard-line attitude the other party which is thinking of being conciliatory.

In other words, if they attempt to maintain the current political structure along with striving for economic development bearing pressure from the United States who fears the future wealth and power of China and gradually may be leaning toward "containment," it is nothing but a method of dragging the United States to a place for dialogue with an advantageous position by daring to come out with a hard-line attitude, making certain concessions there, and striving for an improvement in relations with the United States.

For China, the "Taiwan problem" is in every way related to the United States itself. Foreign Minister Qian Qichen making reference to the holding of a U.S.-China foreign ministers' conference in April while saying that they firmly would carry out maneuvers in the Taiwan Strait truly bespeaks of this fact.

If we were to move for "China containment" by the U.S.-Japan Security Treaty, the policy of China would change in an instant. It is possible that China immediately would make free use of a strategy of marked contrast with a hard-line against Japan and appeasement to the United States, and as opposed to Japan which has no leverage at all on the one hand, the United States ruthlessly would put pressure on Japan with assurance. Japan would be "cornered," so to speak.

If the U.S.-Japan Security Treaty has a "vague" existence for China, it will be important as "a lid on the bottle" preventing Japan from becoming a military superpower, and Japan should not think just that clear military pressure will be incurred from China or Russia.

The recent missile tests by China are an intimidation of power against Taiwan and must be criticized, but considering after all the big scheme of China-Taiwan relations where only maintenance of the status quo is possible for the time being, the heart of the problem is what to think about the near future of China.

In April 1993, the World Bank forecasted that China would be the top economic superpower in the world beating the United States in purchase power value in 2002. Thereafter, the "China superpower theory" began to be touted all at once as if it might be realized at any moment.

In 1994, on the other hand, various kinds of forecasts began to predict a breakup or great chaos in post-Deng China. Contrary to these two extreme predictions, it is believed that the situation probably lies between them.

Signs of democratization have begun to be seen little by little, but a picture of China gradually is becoming clear where unstable elements within the country always will be embraced and rapid wealth and power will peak. That is the basic pattern of Chinese history.

Slow-Acting 'Poison'

It is especially important for Japan to consider how the U.S. stance will change when China begins to show those changes.

In a world where multipolarity is advancing, with Russia gradually showing signs of "recovery," Europe strengthening its independence tendencies, and the Middle East always being filled with chaos, the United States probably will prefer a rather "balancer" type strategy, not just in fiscal problems, but also in foreign policy strategy.

As a matter of fact, since last year, Chalmers Johnson and Michael Lind, the standard bearers of the Security Treaty abrogation theory which is spreading in the United States, have been advocating that the national interest of the United States can be advanced further by causing a China-Japan rivalry in power, balancing the two.

To become an effective "balancer," however, they must take a somewhat "withdrawn" position as Britain did in the 19th century. Since many benefits still remain that are enjoyed as a "hegemon," a mixture of the two probably will continue as the strategy of the United States for the time being.

Consequently, the "keen competition" between the United States and China such as it is at present probably will continue until the "return of Hong Kong," but for the United States which inevitably will gradually lean toward a "balancer" strategy, they should try to avoid by any means entering a decisively confrontational relationship with China. It stands in the best national interest for the United States to act as a neither too close nor too distant "quasi-partner" with China heading for changes as stated above.

Coming to view it this way, it probably will not be very long in the future when the United States changes from the tendency to give priority only to bilateral alliances in order to execute its "leadership strategy" like now to the direction of multilateral security and a double posture in order to change to a "balancer strategy."

Speaking of this in accordance with the U.S.-Japan Security Treaty, it will be none other than a change in quality of the U.S.-Japan Security Treaty to "a security treaty without bases." It is fully surmised that such a situation will arrive within the next 10 to 15 years.

That does not mean, however, that the U.S.-Japan Security Treaty has completely lost its significance of existence at this point in time because of that. There have been three factors which the United States has emphasized as the effectiveness of the U.S.-Japan Security Treaty.

One has been that it is a requirement in strategy against the Soviet Union and another is that the U.S.-Japan Security Treaty is considered a pillar for U.S. world leadership. However, one more, which is probably the most basic factor, has been the so-called "lid on the bottle" theory of dealing with "the threat of Japan." That is manifested in the point that the United States enacted Article 9 of the present Constitution before the Cold War began.

Furthermore, seeing that discussions by many advocates of abrogating the security treaty in the United States today have taken up a lot of space and repeatedly criticized the "lid on the bottle" theory, it has surfaced from underneath that perhaps that "basis" somehow is favored in the United States today.

The first factor disappeared with the end of the Cold War. Furthermore, the second factor also probably will decrease some day. However, what about the third?

In March last year, Ezra Vogel affirmed in testimony in the U.S. Senate that the basic national benefit of the U.S.-Japan Security Treaty for the United States was dealing with the threat of Japan. Furthermore, at the present time, many Asian nations, including China, seek the maintenance of the U.S.-Japan Security Treaty from the same standpoint. Consequently, even if there are great changes in the surrounding situation in the future, including the Korean Peninsula, the political foundation for continuance of the U.S.-Japan Security Treaty remains for the time being.

Within a world that has changed that way, however, the continued existence of the Security Treaty from such a "basis" is thickly tinged with the coloring of "containment" for Japan and that not only is not simply undesirable, but also decidedly is something that will not last long. In addition, it probably is acting as a slow-acting "poison" in U.S.-Japanese relations themselves. For Japan, the greatest significance of the Cold War lies here.

New "Japanese Ideal"

It is believed that the only way for Japan to escape from this so-called "ultimate dilemma" is to pursue the following two parallel directions.

The first is the option of considering the U.S.-Japan Security Treaty as completely separate within the multilateral security framework of Asia, conforming to the "double position" of the United States, but being associated as a kind of "sub-system" and being positioned in the form of being equal to other bilateral agreements such as the U.S.-Australian, U.S.-Philippine, and U.S.-Thai.

By that, the U.S.-Japan Security Treaty does not presume "an enemy," and moreover, it can enjoy a sense of trust and sense of stability without being designated as "the lid of the bottle" within an international framework.

Moreover, as a concrete image, the design can be considered of Japan financing not bilaterally, but from the advantageous position of multi-laterally the whole network of U.S. naval ports of call such as Yoskosuka and Subic Bay along with the Asia transfer of Okinawa bases and probably Cam Ranh Bay in Vietnam after 2004 when Russia withdraws.

The other is to conclude an agreement which measures the relationship of the United States and Japan as special partners in exchange for U.S. guarantees to Japan concerning the "nuclear umbrella" until a nuclear international security treaty system is created and sea lanes in the Indian Ocean and Atlantic Ocean, opening up new horizons of close U.S.-Japan cooperation in the solution of global issues such as the world currency system, energy, and food.

In that case, a give-and-take framework must be considered which will have appeal to the United States while ensuring independence in terms of foreign policy. Furthermore, in that case, conclusion of another "US-Japan core agreement" probably will be necessary integrating these multiple bilateral agreements, declaring a special U.S.-Japan relationship, and regulating those principles.

So, these all will be compiled and put into the system of one new "U.S.-Japan entente." In other words, it is striving to reconstruct literally the U.S.-Japan relationship while ensuring the safety of Japan by an "entente" based on a comprehensive relationship and not a postwar security type of "alliance" in a form befitting the security situation in Asia that has been greatly transformed. Why is such a complicated agreement necessary? It is to avoid dissolving the U.S.-Japan Security Treaty by "diluting" it within a multilateral security treaty (expression used previously in 1922 when dissolving the Anglo-Japanese Alliance and expanding it to a four-nation alliance) while avoiding the heavy pressure of "a lid on the bottle," isolation, and humiliation.

The cost decidedly is not great for the United States and by continuing to depend on the United States for the nuclear umbrella and sea lanes, it can give a broad sense of relief about Japan. Furthermore, by doing it this way, for the first time we will be able to undertake an autonomous system where we can execute the defense and security of Japan itself with complete independence in which we must stand on our own feet and undertake it of necessity in an era of "security without bases."

Naturally, the need probably will arise to undertake constitutional issues for that. Then, we probably should aim at revision of Article 9 of the Constitution premised on Japan's standpoint of pacificism, accommodation with Asia, a rather deep sense of assurance and a U.S.-Japan relationship with a special framework of cooperation. For that, it will be indispensable for Japan to cultivate a new, historical relationship of trust between Japan and the United States based on rather close cooperation that has broken away from that of the postwar and a full sense of trust by Asian nations through solid incorporation within the regional security system of Asia.

"Independence based on trust and cooperation" itself must be the keyword of Japan's security policy in the 21st century, overcoming the postwar complex against the United States and the old autonomous defense orientation.

Furthermore, now the footsteps are heard of a new generation appearing who will shoulder such a concept. That is a most important U.S.-Japan youth exchange program, agreement on which is scheduled in the coming summit talks. It is "a new concept in a new skin." Our old generation must carefully protect the buds until this new "Japanese ideal" is realized.

Japan: WTO Complaint in Brazil Auto Case 'Becoming More Likely'

OW2006082196 Tokyo KYODO in English
0757 GMT 20 Jun 96

[FBIS Transcribed Text] Tokyo, June 20 KYODO — Japan could file a complaint with the World Trade Organization (WTO) over Brazil's tariff incentives to promote foreign investment in the local automotive industry, a senior trade official said Thursday [20 June].

"Brazil did not necessarily give a satisfactory response to what we pointed out" at working-level talks on the issue Monday and Tuesday in Brazil, said Tomio Tsutsumi, vice minister of international trade and industry.

"I think taking the case to the WTO is gradually becoming more likely," Tsutsumi told a news conference.

Brazil raised its auto import duties to 70 percent from 32 percent in March 1995 apparently to protect domestic automakers.

In January, it adopted an investment promotion step under which foreign carmakers operating in the country enjoy big tariff discounts on their finished vehicle and parts exports to Brazil if they meet a local content ratio of more than 60 percent and other conditions.

Japan and other countries say the measure violates WTO rules on trade-related investment measures.

Japan: Foreign Ministry Notes Concern Over Yeltsin G-7 Cancellation

OW1906153496 Hong Kong AFP in English 1514 GMT 19 Jun 96

[FBIS Transcribed Text] Tokyo, June 19 (AFP) — Group of Seven (G7) leaders will lose confidence in Russia because Russian President Boris Yeltsin will not be attending next month's G7 summit, a senior Foreign Ministry official said Wednesday [19 June].

Yeltsin's abrupt cancellation of his plans to attend the three-day summit starting June 27 in Lyons, France, was "a great surprise" and will inevitably make the group of economic powerhouses "lose their confidence in Russia," the unidentified official was quoted by Jiji Press as saying.

The official said Yeltsin apparently changed his plans in order to concentrate on his campaign against communist challenger Gennadiy Zyuganov ahead of their run-off election.

The official also said the G7 nations might suspend expected plans to let Russia join the annual summit as a full member. Japan has reportedly been reluctant to agree to a G8.

Japanese officials have said it is too early to accept Russia as a G7 member, but their reluctance is largely seen as an attempt to pressure Russia to return the Kuril Islands off Hokkaido, which it seized during World War II.

The G7 nations are Britain, Canada, France, Germany, Italy, Japan and the United States.

Japan: Hashimoto Sees No Major Impact From Yeltsin G-7 Absence

OW2006054896 Tokyo KYODO in English 0336 GMT 20 Jun 96

[FBIS Transcribed Text] Tokyo, June 20 KYODO — Prime Minister Ryutaro Hashimoto said Thursday [20 June] he does not expect major impact from Russian President Boris Yeltsin's decision to cancel attendance of the upcoming summit of the Group of Seven (G-7) industrialized nations in Lyons, France.

Russian Prime Minister Viktor Chernomyrdin will attend the July 27-29 summit in place of Yeltsin.

Hashimoto said at a morning session with labor and business leaders, "there will be some things that need to be slightly adjusted." "But from the beginning we have not planned for Russian participation in economic debate. His absence will not affect the summit's focus on development and employment."

Shortly later at his official residence, Hashimoto said the time during the summit allocated for discussion of Russian issues might decrease with Yeltsin's withdrawal.

Chief Cabinet Secretary Seiroku Kajiyama, the top government spokesman, said at a press conference the same day that Japan recognizes Yeltsin's need to focus on the presidential election.

Kajiyama added, however, that due to Yeltsin's absence, the summit might be in a weaker position to support his reforms promoting democratization and a market economy.

Yeltsin on Wednesday canceled his scheduled attendance of the summit of the G-7 grouping of Britain, Canada, France, Germany, Italy, Japan and the United States.

Yeltsin said he has decided to skip the summit because he is too busy with preparations for the runoff election for the Russian presidency, which is to be held sometime between June 30 to July 7, according to Russian news reports.

Japan: Hashimoto: Yeltsin's Absence Seen Affecting Overall Debate

OW2006061796 Tokyo KYODO in English 0607 GMT 20 Jun 96

[FBIS Transcribed Text] Tokyo, June 20 KYODO — Prime Minister Ryutaro Hashimoto suggested Thursday [20 June] that Russian President Boris Yeltsin's absence from the upcoming Group of Seven (G-7) summit in Lyons, France, will affect debate by the seven major economies on support for Russia.

"There is a difference in importance between remarks made by President Yeltsin and those by Russian Prime Minister Viktor Chernomyrdin," Hashimoto told reporters.

"There will be a change in the time to be allocated to Russian issues (at the Lyons summit)," he said.

Yeltsin on Wednesday canceled his scheduled attendance of the June 27-29 summit of Britain, Canada, France, Germany, Italy, Japan and the United States.

Chernomyrdin will attend the meeting in place of Yeltsin.

At the summit meeting to be held on the eve of the runoff election for the Russian presidency, support for Russia's reform efforts is expected to be one of the focal points as Yeltsin is fighting an election battle with Communist Party leader Gennadi Zyuganov, political sources said.

At a session with labor and business leaders earlier in the day, meanwhile, Hashimoto said he does not think Yeltsin's absence will have a major impact on mainstream issues of economic debate.

"There will be some things that need to be slightly adjusted. But from the beginning we have not planned for Russian participation in economic debate," Hashimoto said.

"President Yeltsin's absence will not affect the summit's focus on economic growth and employment," he said.

Russia is scheduled to join the political part of the G-7 summit as well as a newly introduced session to deal with global issues such as environmental and nuclear safety problems. But Russia is not invited to join the G-7 economic session on trade, international monetary and other issues.

At a separate press conference Thursday morning, Chief Cabinet Secretary Seiroku Kajiyama showed Japan's understanding for Yeltsin's absence from the summit.

Yeltsin's absence is unavoidable, given that he is fighting a presidential election, the chief government spokesman said.

Kajiyama, however, said the summit might be in a weaker position to support his efforts to promote democratization and a market economy.

Japan: French Foreign Minister Views Relations With Asia

OW2006040396 Tokyo NIHON KEIZAI SHIMBUN in Japanese 17 Jun 96 Morning Edition p 9

["Gist" of French Foreign Minister Herve De Charette's written response to NIHON KEIZAI SHIMBUN inquiry]

[FBIS Translated Text]**Relations with Japan and Asia**

During my visit to Japan, I would like to convey the following three messages: 1) France attaches importance to diplomatic ties with Asian countries and considers Asia as a "new diplomatic frontier"; 2) the European Union (EU) wants to play a role, comparable to that of the United States, in Asia; and 3) we will improve bilateral ties by maintaining the framework of holding political talks regularly. President Chirac, who will visit Japan this fall, also wants to use the Japan-France relationship as a model of expanding France's presence in Asia.

U.S. contributions for stability in Asia are important to the EU too and we are pleased that Japan and the United States formed new ties of alliance. But the United States should not be the only partner to Japan's security. The EU has a role to play too. Discussions on security in Asia are being made at Asia-Europe Meeting (ASEM) and other meetings. We believe that Japan will balance its ties with the United States and the EU.

We know that the Japanese people are sensitive about nuclear issues. But we also believe that they will carefully watch French policies of demilitarization. Of the nuclear states, France is the only country who shut down its testing facilities and plants for production of nuclear materials for military purposes.

Japan can expect consistent support from France for Japan's bid to join permanent membership of the UN Security Council. Regarding Japan's hope to run in the election, which will be held this fall to select nonpermanent members of the security council, France is a permanent member and maintains the principle of not disclosing its stand. Permanent members will be selected on the basis regional distribution as well as contributions candidate nations made to goals of the United Nations, including peace keeping and global security. While taking such factors into consideration, France is studying the issue in the light of our friendship that dominates ties between Japan and France.

France believes that its relationship with Japan must be global. In a long run, we would like to build relations, in which we can hold functional discussions on all global issues — including aid for development, and global disarmament and security.

Lyons Summit

Rather than reaching an agreement on each issue, we would like to make the forthcoming summit a chance to discover a common vision for the future. A summit is neither a meeting of representatives to talk about world situation nor a court room.

Since mutual reliance between countries are increasingly strong, it is indispensable for the seven countries to cooperate with other countries to fulfill their responsibilities. While preparing for the Lyon summit, France is exchanging information and promoting discussions with countries that will not be attending the summit. The summit will reflect far broader consensus than that of the seven countries.

There are two messages we want to convey to Russia. They are strengthening of democracy and continuation of economic reform. For better or worse, it is not a business of the G-7 to talk to voters of each country. However, we think that it is of significant to hold discussions with Russia on such issues as a summit environment, the safe control of nuclear weapons, and the spread of information technologies. We believe that dialogue with Russia will diversify and become intense.

The Middle East peace process is at a turning point, and the new Israeli Government is promising to promote the peace process. Therefore, the summit will become a venue where the international community will express its intention of not sparing its support for the settlement of difficult tasks.

Japan: Ikeda, French Minister Agree To Urge PRC To Sign CTBT

OW2006034296 Tokyo SANKEI SHIMBUN in Japanese 18 Jun 96 Morning Edition p 2

[FBIS Translated Text] Japanese Foreign Minister Yukihiko Ikeda held ministerial talks with French counterpart Herve De Charette at the Ministry of Foreign Affairs on 17 June. After the talks, they had another meeting at the Iikura guest house over dinner.

During the meeting, De Charette highly praised a recent trend in China, saying: "We are observing a historical change as this nation is making positive efforts in becoming a member of the international community." Both ministers agreed that Japan and France should take concerted action to persuade China to sign the Comprehensive Test Ban Treaty (CTBT) because they believe "it is China which holds a key to a conclusion of the treaty."

Furthermore, the French foreign minister stressed his nation's intention to actively contribute to the Korean Energy Development Organization (KEDO).

Another agreement made by both ministers is to hurriedly formulate a "Japanese-Franco action guideline" toward the 21st century to prepare for President Jacques Chirac's Japan visit, now scheduled for early September, and to expand bilateral exchanges for scientific and technological cooperation.

De Charette also met with Prime Minister Ryutaro Hashimoto at the prime minister's office to ask for Japan's cooperation at the upcoming G-7 meeting (Lyons Summit). In reply, Hashimoto said that he will "support host nation France."

Tokyo To Call on Burmese Junta for Self-Restraint

OW2006063896 Tokyo NIHON KEIZAI SHIMBUN in Japanese 19 Jun 96 Morning Edition p 2

[FBIS Translated Text] Since the State Law and Order Restoration Council (SLORC) of Burma's military government will likely prepare an arrest warrant this week for Aung San Suu Kyi, secretary general of the National League for Democracy (NLD), it seems that some members of Japan's ruling parties will call for a review of the government's policy toward Burma to clarify their support for the democracy movement in that country.

Following escalation of confrontation between the junta and the NLD, Japan — by taking advantage of its stand that it reportedly has connections with both sides — has been asking both sides to avoid taking violent countermeasures.

Japanese diplomacy, which gives certain consideration to the military government, is dubbed "sun diplomacy," a metaphor taken from Aesop's Fables. In July last year, the military government informed Japan beforehand of a decision to remove Suu Kyi's house arrest. Some people believed that it was a "product of the sun diplomacy."

Moreover, the Japanese Government thinks that "it is a shortcut to seek voluntary democratization by stabilizing Burma's economy rather than demanding an urgent democratization," (according to a senior official of the Ministry of Foreign Affairs [MOFA]). Accordingly, Japan is not following the line of the United States which hints at the possibility of imposing economic sanctions, and maintains its policy of giving humanitarian grant-in-aid (which amounts to approximately 14 billion yen a year). On yen-based loans, which have been frozen in principle, Japan plans, after the withdrawal of Suu Kyi's house arrest, to gradually remove the freeze as circumstance require before other countries do the same.

Regarding the yen-based loans, however, "no progress has been made in promotion of democratization," (according to a MOFA source). Therefore, no concrete improvement has been made and the freeze is still in effect.

For the time being, MOFA, through diplomatic channels, will call on the SLORC for self-restraint. At the same time, MOFA will also promote its efforts to collect information. But it seems likely that a growing number of ruling party members will call for a review of the "sun diplomacy" itself if the junta issues an arrest warrant for Suu Kyi.

Japan: Hashimoto, ROK Leader Set for 23 Jun Seoul Talks

OW2006060096 Tokyo KYODO in English
0515 GMT 20 Jun 96

[By Takehiko Kajita]

[FBIS Transcribed Text] Tokyo, June 20 KYODO — Prime Minister Ryutaro Hashimoto travels to South Korea this weekend for talks with President Kim Yong-sam in a bid to smoothen often strained relations between the two neighbors.

"The main objective of the talks is a frank and candid exchange of opinions," a top foreign ministry official said.

Hashimoto, who met Kim in the wings of an Asia-Europe summit in Bangkok in March, will be the first Japanese prime minister to visit South Korea since July 1994.

After soccer's world governing body FIFA allowed Japan and South Korea to co-host the 2002 World Cup finals, the two leaders pledged in a telephone conversation earlier this month that their governments would do their utmost to make the event a success.

During the talks in the South Korean resort island of Cheju on Saturday and Sunday, Hashimoto and Kim are expected to reaffirm that Tokyo and Seoul will strive to co-host the first World Cup games in Asia successfully.

"True, (FIFA's decision) was not the very best result (for us)," a high-ranking foreign ministry official said. "But we should be open-minded and take the opportunity to build a truly future-oriented relationship."

Relations between Japan and South Korea have been frail at best since the end of World War II, haunted by Japan's colonization of the Korean Peninsula from 1910 to 1945.

Their ties were severely strained earlier over the ownership of a group of islets in the Sea of Japan, known in Japanese as Takeshima and in Korean as Tokto.

The agenda of the Hashimoto-Kim meeting will include the situation on the Korean peninsula centering on a proposal aimed at securing a lasting peace there, foreign ministry officials said.

The overture, made in April by Kim and U.S. President Bill Clinton, calls on North and South Korea to discuss a permanent peace regime on the peninsula, which has been divided under a fragile, 43-year-old armistice, with the United States and China playing supporting roles.

Hashimoto is expected to throw Tokyo's support behind the initiative again and express hope North Korea will accept the peace proposal for four-way talks at an early date.

Pyongyang has yet to make a formal reply to the offer.

The Japanese and South Korean leaders are also likely to reaffirm their coordinated views on humanitarian assistance to North Korea.

Tokyo and Seoul decided last week to supply $6 million and $3 million, respectively, in emergency food aid to Pyongyang in response to a U.N. Global appeal for $43.6 million to stave off a severe food shortage in the country.

Japan has been cautious about bilateral economic assistance to North Korea before the conclusion of negotiations to normalize ties, but thinks it must help the country via the United Nations for humanitarian reasons.

Tokyo's efforts to resume stalled normalization negotiations with Pyongyang have been thwarted since North Korean troops' repeated intrusion in April into the demilitarized zone separating the two Koreas.

Because the top priority of the weekend summit is to elevate overall relations to a higher plane, Hashimoto and Kim are expected to avoid discussing prickly bilateral issues, including the territorial quarrel.

But the Japanese leader is likely to touch on Japan's planned payment of one-time payment of at least 2 million yen each to some 300 surviving women who were forced into sexual servitude for Japanese soldiers before and during the war.

Hashimoto is also going to brief on Kim his plan to write a letter of apology when a government-initiated private fund gives the consolation money to the former sex slaves.

Historians estimate up to 200,000 women, mostly from the Korean peninsula, were forced to provide sex for the Japanese Imperial Army in front-line camps.

"The upcoming summit is not our train's final destination, so to speak. It's just a starting point," said another high-ranking foreign ministry official in admitting the difficulty in keeping ties between Japan and South Korea on the right track.

Japan: Manila Urged Not To Favor Domestic Firms in ODA Projects

OW2006083196 Tokyo KYODO in English
0755 GMT 20 Jun 96

[FBIS Transcribed Text] Manila, June 20 KYODO — Japan wants the Philippines to delete part of a provision in the Official Development Assistance (ODA) law which favors Filipino companies and professionals in the awarding of contracts for projects funded by official loans and grants from abroad, a Japanese diplomat said Thursday [20 June].

Reiichiro Takahashi, first secretary and economic director at the Japanese Embassy in Manila, said Japan is opposed to the provision because it violates rules of Japan's Overseas Economic Cooperation Fund (OECF), which is in charge of the ODA funds.

Under OECF rules, Takahashi said, the hiring of consultants, contractors, architects or material purchases should be done through international biddings.

Takahashi was referring to the provision in the ODA law, which states that Filipinos shall be given preference in the hiring of consultants, architects, engineers and other professionals.

The provision also states that in the purchase of supplies and materials, "preference shall be given to Filipino suppliers and manufacturers."

Japan: Hashimoto News Conference Stresses Economy, Summits

OW2006111296 Tokyo KYODO in English
1037 GMT 20 Jun 96

[FBIS Transcribed Text] Tokyo, June 20 KYODO — Prime Minister Ryutaro Hashimoto pledged Thursday [20 June] to realize a Japanese financial system based on transparency and self-responsibility through resolution of the bad loan fiasco involving seven "jusen" housing loan companies.

"We hope to make the mortgage firm liquidation a breakthrough for early resolution of wider bad loan problems," Hashimoto said in a nationally televised press conference at his official residence.

The media session followed Wednesday's conclusion of the 150-day regular Diet session mostly dedicated to debate over a government scheme to liquidate the seven failed housing loan companies with the use of 685 billion yen in taxpayers' money.

Since he took office Jan. 11, Hashimoto has focused on the housing loan company measures outlined last December under the administration of then Prime Minister Tomiichi Murayama.

Hashimoto defended the liquidation scheme, which obtained final parliamentary approval Tuesday despite opposition from the Japanese public, saying if he had left the problem as is, it would have delayed Japan's economic recovery.

The mortgage companies have gone virtually gone bankrupt due to heavy nonperforming loans extended to realtor companies during the booming 1980s "bubble economy."

He declined to stipulate how much more money would have be disbursed for future losses likely to occur in the liquidation process, only vowing efforts to reduce taxpayers' burden through collecting mortgate company loans.

Besides the housing loan companies, more tax money may have to be paid for some failing credit associations, but the amount will not be very large, Hashimoto said.

Hashimoto voiced support for ongoing low interest rates as "giving propulsion" to Japanese industry, but declined to comment directly on monetary policy.

He also promised to "do his utmost" to reform Japan's heavy fiscal reliance on bond issues.

Under the 75.1 trillion yen budget for fiscal 1996, the government is to issue 21 trillion yen worth of government bonds, including 12 trillion yen in deficit-covering bonds.

Hashimoto expressed hope that the high 3.0 percent rise in gross domestic product (GDP) in the January-March quarter over the previous quarter will lead to a full economic recovery.

He said his government will decide on a change in the consumption tax rate before the June 27-29 summit of the Group of Seven (G-7) industrialized countries in Lyons, France.

The tax commission, an advisory panel to Hashimoto, basically agreed Wednesday to raise the 3 percent consumption tax to 5 percent effective next April as originally scheduled.

It will be the first hike in the consumption tax since its introduction in April 1989.

The prime minister called Russian President Boris Yeltsin's withdrawal from the summit regrettable, but said he did not see it having a major impact except for possible reduction of time allocated for discussion of the Russian situation.

Hashimoto vowed to appeal to the summit the importance of granting development assistance to developing countries.

He supported the decision by French President Jacques Chirac, who will chair the Lyons Summit, to have the meeting focus on the "globalization" of economies.

"But I hope to have a chance to tell them that it is indispensable to deal with difficulties accompanying globalization," Hashimoto said.

The premier also said he wants to help stabilize the Korean peninsula by taking up the issue during the Lyons Summit following his talks this weekend with South Korean President Kim Yong-sam.

"I want to make the maximum use of information I will get from my meeting with president Kim Yong-sam and want to be of help in stabilizing the Korean peninsula," he said.

Hashimoto expressed hope that the two-day gathering from Saturday in Cheju island, South Korea, will be an occasion to reaffirm the importance of bilateral friendship and cooperation.

"I will be happy if we can confirm our will to build up new and more friendly bilateral ties through the cohosting of the 2002 World Cup Soccer finals (by Japan and South Korea)," he added.

He declined to say when he may dissolve the House of Representatives for a snap general election, citing outstanding issues including the Cheju and Lyons summits, a summit of the Asia-Pacific Economic Cooperation (APEC) forum in November in the Philippines, setting up of government standards on budgetary allocation for fiscal 1997 and implementing the planned recovery of a key U.S. Marine base in Okinawa Prefecture.

The terms of office for lower chamber members will expire in July next year, but Hashimoto has the authority to dissolve the house anytime.

The government's jusen liquidation scheme calls for banks which founded the moribund mortgage companies and other creditor institutions to share the 6.41 trillion yen loss that will immediately result from the liquidation.

However, under the scheme, some of the liquidation losses will be covered by 685 billion yen in tax money.

In the face of strong public opposition, the government is seeking additional contributions from financial institutions concerned to alleviate the disbursement from the state coffers.

On Wednesday, Finance Minister Wataru Kubo said banking and farming circles effectively agreed to cough up more money to reduce the taxpayers' burden under the plan by joining a proposed investment fund to help offset the taxpayers' burden.

Japan: 'Jusen' Plan Passes Critical Hurdle; Finance Minister Cited

OW1906160896 Tokyo KYODO in English 1527 GMT 19 Jun 96

[FBIS Transcribed Text] Tokyo, June 19 KYODO — A government scheme to liquidate failed "jusen" mortgage lenders cleared its last hurdle Wednesday [19 June], when banking and farming circles effectively agreed to cough up more money to reduce the taxpayers' burden under the plan.

"I understand the banking industry has basically accepted my request" to join in a new investment fund to help offset the 680 billion yen in taxpayers' money earmarked in the scheme, Finance Minister Wataru Kubo said at a news conference.

Kubo had met separately with financial industry leaders, Farm Minister Ichizo Ohara and Bank of Japan [BOJ] Governor Yasuo Matsushita on Tuesday to formally request their support for the new fund.

Representing the Federation of Bankers' Associations of Japan, a senior Sakura Bank official replied in writing Wednesday that the industry will seriously contemplate making such contributions.

A top Farm Ministry official, meanwhile, said agricultural financial institutions, the largest creditor group to the jusen, also intend to accept their commitments to the fund.

"I believe the central bank will also produce the answer I expect of it," Kubo said.

Matsushita said Tuesday the BOJ will see what it can do, taking into account the public nature of its funds.

Kubo said he will continue holding talks with relevant parties to finalize the details of the fund by the time the organization is created, possibly in late July, to take over loan assets from jusen companies.

The government and the ruling coalition — the Liberal Democratic Party, the Social Democratic Party and New Party Sakigake — issued a statement after formalizing the outline of an extra commitment package based on the new fund.

They called for all parties involved, including agricultural banks, to inject money into the fund, while asking the BOJ to use its resources to help stabilize the financial system with due consideration to their nature.

Farm banks proved a drag on the extra commitment plan until the last moment.

They were adamantly opposed to forgoing about 60 billion yen in interest income earned on their loans to jusen companies for the January-March quarter, a burden they were asked to bear on top of contributions to the new fund.

The coalition offered to shelve the issue of interest income for the time being to win the backing of agricultural financiers, informed sources said.

The banking industry stressed the importance of involving the farm sector in the fund.

"Enlisting considerable cooperation from agricultural financiers is essential," Shunsaku Hashimoto, chairman of the banking federation, said in a statement.

He also insisted that the fund serve to regain confidence, both at home and abroad, in the Japanese financial system.

Under the government scheme, which won parliamentary approval Tuesday, taxpayers are asked to shoulder 680 billion yen of an estimated 6.41 trillion yen loss that will result immediately from the jusen liquidation.

Another 5 billion yen in taxpayers' money is reserved to help make up for future losses.

Faced with public criticism of the taxpayer-financed program, the government and the coalition have pushed the idea of reducing that burden through an investment fund to be set up among financiers.

A Finance Ministry blueprint calls for a 700 billion yen fund which will be invested over a 15-year period at a compound interest rate of 3.8 percent per annum, ministry sources said.

Investment returns are estimated at 520 billion yen, which will be funneled into the state coffers to help offset the bill on taxpayers, according to the sources.

Japan: 'Virtually Bankrupt' Realtor Kept Afloat by 'Jusen' Firm

OW1906155796 Tokyo KYODO in English
1532 GMT 19 Jun 96

[FBIS Transcribed Text] Tokyo, June 19 KYODO — Japan Housing Loan Inc., one of the seven failed "jusen" mortgage companies, kept afloat a virtually bankrupt real estate company for years because its bankruptcy would have revealed the amount of irrecoverable loans Japan Housing had pumped into the failed enterprise, informed sources said Wednesday [19 June].

The eventual bankruptcy of the Tokyo realtor OCT Inc. in December 1993 saddled Japan housing loan with a total of some 39.2 billion yen in uncollectable loans.

Japan Housing Loan on Monday became the first of the seven jusen to be raided by law enforcement authorities over illegal loans.

Japan Housing Loan is being investigated on suspicion of breach of trust for allegedly extending more than 4 billion yen in collateral-short loans to real estate group Collins and more than 1 billion yen to a golf course developer despite knowing the loans could not be collected.

The company's dubious practices are highlighted in a report by OCT's bankruptcy administrator.

"Japan Housing Loan, while knowing that OCT was de facto bankrupt, continued to lend the realtor operating costs and other expenses to avoid its huge loans becoming unrecoverable," the sources quoted the report as saying.

Prosecutors seem to be trying to build a case against the executives of Japan Housing Loan on suspicion of breach of trust in connection with the OCT bankruptcy, the sources said.

According to published data from the Finance Ministry, OCT owed Japan housing loan 33.9 billion yen as of August in 1992. A survey in August 1995 showed the amount had risen to 39.2 billion yen.

The liquidation of OCT was completed this January without any payment to creditors. The bankruptcy administrator's report was completed in July 1994 before the first meeting of OCT creditors and probed the realtor's business situation directly before it filed for bankruptcy in December 1993.

It concluded that "OCT early on showed many factors pointing to bankruptcy but set out to restructure around 1991 under guidance from Japan housing loan."

It said that Japan housing loan was planning to restructure itself at the time and could therefore not afford to have the loans it had made to OCT become uncollectible.

"They had to continue to pump funds into OCT to keep the company alive," the sources quoted the report as saying.

Japan: Hashimoto Vows Efforts To Cap Fiscal Spending for 'Jusen'

OW2006095396 Tokyo KYODO in English
0915 GMT 20 Jun 96

[FBIS Transcribed Text] Tokyo, June 20 KYODO — Prime Minister Ryutaro Hashimoto on Thursday [20 June] pledged to make efforts to put a cap on fiscal spending for cleaning up the financial mess left by failed housing loan companies known as "jusen."

Concerning so-called secondary losses that could stem from the government's plan to liquidate the seven moribund jusen firms, Hashimoto told a news conference that "huge (additional) fiscal spending won't be necessary" because of efforts to put a lid on use of taxpayers' money.

The bills relate to the government's plan to use 685 billion yen in taxpayers' money in the liquidation scheme passed by the Diet on Tuesday, and a plan has been agreed upon for financial institutions to set up a new fund to cut back fiscal outlays for that purpose.

Hashimoto also said he will soon set up a study group for revamping the Bank of Japan.

Hashimoto said that he will immediately start selecting members for an experts' group that will discuss a revision of the law regulating the central bank.

Hashimoto also said he remains apprehensive about labor conditions despite growing signs of economic recovery.

While admitting the recent strong gross domestic product statistics gave him a "sigh of relief," he is still "quite concerned" about the employment situation, pointing to the high jobless rate.

Hashimoto refused to drop any hint about when he plans to dissolve the House of Representatives for a general election.

When asked when he will dissolve the lower house for a poll, he said, "you tell me."

He pointed to packed political and diplomatic schedules, adding he cannot afford the luxury of contemplating about an election at this time.

Speculation about a general election is rife in the Japanese political scene following the end of the ordinary Diet session Wednesday, with political watchers putting the most likely timing for a poll at sometime this fall or early next year.

Japan: Panel Proposes Securitization of Public Housing Loans

OW2006112996 Tokyo KYODO in English 1033 GMT 20 Jun 96

[FBIS Transcribed Text] Tokyo, June 20 KYODO — The government should contemplate securitization of public housing loans as a way of raising funds to make up for dwindling resources for its fiscal investment and loan program, a quasi-governmental panel said in a report Thursday [20 June].

The study group on reform of the Fiscal Investment and Loan Program, also called the second national budget, said fund-raising through bond issues by the ministry's Trust Fund Bureau is also an issue for future study.

The panel is a private advisory body to the head of the Finance Ministry's Financial Bureau.

It said it proposed these new fund-raising measures because payments of pensions will increase with the society aging in the long run despite expected stable financial sources for fiscal investment and loans until around 2005.

The group also called for limiting the government's fiscal investment and loans to such policy-priority fields as social infrastructure and housing loans while ensuring profitability of projects involved and certainty of redeeming principal and interest.

Based on recommendations in the report, the Finance Ministry will review the government's fiscal investment and loan programs for fiscal 1997 and afterward, ministry officials said.

Japan: Mazda Production Line Produces 20-Millionth Passenger Car

OW2006055196 Tokyo KYODO in English 0438 GMT 20 Jun 96

[FBIS Transcribed Text] Hiroshima, June 20 KYODO — Mazda Motor Corp. turned out its 20 millionth passenger car in Japan on Thursday [20 June], the automaker said.

The car, a Sentia, rolled off the production line at Mazda's Ujina plant in Hiroshima Prefecture.

Mazda is the fourth Japanese automaker to pass the 20 million mark after Toyota Motor Corp., Nissan Motor Co. and Honda Motor Co.

Mazda, which started out in 1931 as a maker of three-wheel trucks, began producing passenger cars with the light R360 coupe in April 1960 and began making the now-famous Familia series in 1964.

It started mass-production of the Capella in 1970 and the company's cumulative domestic passenger car output reached 10 million vehicles in 1985, it said.

Japan: GSDF Officer on Preparing for Major Urban Disasters

OW2006083796 Tokyo RIKUSEN KENKYU in Japanese Jun 96 pp 51-67

[Article by Lieutenant Colonel Minoru Kikuchi, Research Department, Ground Self-Defense Force Staff College: "Preparing for Major Disasters in Large Cities"]

[FBIS Summary] Local government's response to the Great Hanshin Earthquake of 1995 suffered considerable delays as Kobe-Osaka area fire and rescue unit members themselves were effected by the disaster. From this experience has arisen the popular expectation that the Self-Defense Forces [SDF] will prepare to respond promptly and effectively in the event of an underground tremor hitting the southern Kanto region that includes the Tokyo metropolitan area. In order to meet this expectation, the SDF must develop close coordination with local governments and work with them in joint training. Also important in such an emergency would be a thorough understanding of the weak points in the urban structure and the nature of its disaster-prevention organization.

Tokyo and other Japanese cities have been particularly prone to major urban disasters, including the Great Kanto Earthquake of 1923 that resulted in fires that devastated Tokyo and Yokohama. In contrast to London, which built a city of brick and stone from the ashes of the Great Fire of 1666, Tokyo remains today a densely populated city with numerous wooden houses throughout it. The prevalence of kerosene stoves, whose use is reportedly banned in U.S. cities, poses another particular threat to Tokyo. Given Tokyo's heavy traffic, the many cars and trucks on the city's streets have the potential to burst into flame in the event of a disaster. Finally, Tokyo has growing numbers of residents particularly vulnerable to urban disasters: the old, the handicapped, and foreign residents with insufficient understanding of the Japanese language.

Japan: Think Tank Backs Augmenting GSDF Capabilities

WA1961000

[FBIS Report] A number of retired Ground Self-Defense Force (GSDF) officers in a military think tank have been calling for the augmentation of GSDF capabilities to meet the security challenges they see facing Japan in the wake of the Cold War's end. Although these officers support the continuation of the U.S.-Japan alliance, they argue that the United States may not always be willing to come to Japan's aid in some limited regional conflicts.

Over the past two years, the Morino Military Research Institute, a Tokyo-based military affairs think tank, established in May 1991 by GSDF General Yasuhiro Morino following his retirement two months earlier, has published a series of articles and a book calling for the buildup of the GSDF to enable it to deal with hypothetical threats to Japan's security in the post-Cold War era. Morino and other retired GSDF officers published the series under the Institute's name in the monthly military journal GUNJI KENKYU between August 1994 and October 1995. The Institute then published a book on the same subject entitled 'Next-Generation Ground Self-Defense Force' in February 1996. Most recently, GUNJI KENKYU ran, in its April 1996 edition, an article on the issue by retired GSDF officer Kotaro Kamei, who had contributed to the Institute's earlier journal series and edited the book.

The Institute's book argues that Japan must 'escape' from two 'myths' regarding national defense: that Japan can rely on its 'Peace Constitution' to ward off a security crisis, and that the U.S. military will come to Japan's aid in any such crisis. According to the book, such diverse threats as terrorism, guerrilla movements, and armed refugees have now replaced the clearly defined Soviet threat of the Cold War period. The book also maintains that there is a greater likelihood of limited regional wars in Asia over territory and resources. The book even goes so far as to maintain that such conflicts could involve the outlying Japanese islands or nuclear missile attacks against the home islands. Morino argues in his preface that Japan's policymakers must now consider 'the emergence of the unexpected circumstances when they cannot count on the U.S. military coming to Japan's aid as well as rapid response to such circumstances.

According to the book, the new environment in East Asia requires Japan to maintain its bilateral security alliance with Washington while recasting the GSDF to be able to fight limited conflicts without the United States. Specifically, the book's authors maintain, the Japanese Government must provide the GSDF with the equipment, intelligence capabilities, and a legal framework to respond quickly to any threat of limited attack on Japanese territory. They assert that, regarding 'a future likely attack' against Japan, the counrty 'should have the ability to eliminate it' by its own military power alone. To do so will require upgrades in firepower, mobility, and intelligence capibilities as well as such elements as a functioning command and control structure and national legal system.' 'I believe,' Morino continues in his preface, 'that in so doing, our deterrence will work, the alliance with our ally will take root, and we will be able to act in international politics.'

The book addresses in detail such issues as air defense, operational intelligence, and strategic mobility. It argues that Tokyo should be able to move GSDF units to Japan's remote islands in the event of an invasion. In connection with this, it asserts that recent international peacekeeping operations have demonstrated the insufficiency of Japan's military airlift capabilities and advocates the acquisition of air-cushioned vehicles (ACV) and additional transport helicopters.

Insititute Member Elaborates in Essay

Kotaro Kamei, formerly 12th Division chief of staff and GSDF Staff College research director, repeated the Institute's earlier call for a GSDF capable of independently fighting limited regional conflicts in his April 1996 GUNJI KENKYU article attacking Japan's new National Defense Program Outline (NDPO). Specifically, he asserted that the new NDPO lacks analytical rigor in assesing threats to Japan and criticized the NDPO for what he characterized as its failure to take into account the possiblity that Japan might have to mount an independent military response to foreign attack. Kamei went so far as to specify the following scenarios: China moving to seize the disputed Senkaku (Diaoyutai, in Chinese) Islands and South Korea's military occupying the Takeshima (Tokto, in Korean) Islands. Kamei asserted that in such circumstances the U.S. military would not likely come to Japan's aid. He also echoed the book's argument that limited regional warfare is increasingly likely as some of the rapidly developing nations near Japan increase their military capabilities and shift their attention from maintaining internal order to seeking to resolve international conflicts in their favor.

Similar Arguments by Other Retired Military Officers

Former military officers not associated with the Morino Military Research Institute have also made similar arguments. They include Etsu Kuwada, who, before retiring as a major general in 1991, served as research director at the GSDF Staff College and ground warfare professor at the National Defense Academy. He presented, in an article in the May 1995 issue of GEKKAN JADI, the monthly journal of the Japan Association of Defense Industry (JADI), scenarios such as attacks on Japan's remote islands as well as threats of guerrilla activities and massive refugee influxed. In addition, in the December 1995 issue of the monthly maritime journal SEKAI NO KANSEN, former Maritime Self-Defense Force Chief of Staff Hiroshi Nagata repeated Kamei's concern over Washington's perceived reluctance to intervene in conflicts not seen as vital to American interests. Nagata asserted that Japan must 'pursue with America's understanding a so-called double-track policy to satisfy both Japan-U.S. joint defense and independent defense.'

Background on Morino Institute

Judging from a list of the Morino Institute's members at the end of 'Next-Generation Ground Self-Defense Force' and and April 1996 review of the book in GUNJI KENKYU, the Morino Institute's members are all retired GSDF officers. GUNJI KENKYU's review noted that Institue members recuited by Morino are alumni of the elite National Defense Academy. Morino himself graduated from the Academy's first class, served as director of the Gound Staff Office's Plans and Operations Department, and commanded the GSDF's Northeast Army. A brief introduction to the book in the April 1996 edition of RIKUSEN KENKYU, the monthly journal of the GSDF Staff College's Japan Gound Warfare Academy, also noted Morino's former high status as a commanding general as well as the general officer rank held by a number of his Institute colleagues.

Many of the Instiue's members, according to the book, commanded armies and divisions or held commandant or department director posts at the GSDF's various schools. Amoung the 17 retired GSDF officers listed in the book as researchers under Morino and Kamei are Akira Kimijima, former commanding general, Northeast Army, who retired in 1993; Sada Yokochi, former commanding general, Western Amry, who retired in 1992; and Masayoshi Kubo, former commandant, Fuji School, who retired in 1993

According to Japanese media reporting, since retirement, the Institute's members have remained connected to Japan's defense establishment. According to BOEI GIJUTSU JANARU, the Morino Institute's Kotaro Kamei, for example, joined Toshiba Corp. as director for electronic systems technology at the company's Hino factory. In addition to his writings in GUNJI KENKYU, he also participated with military robotics experts in a roundabout discussion published in the January 1995 issue of BOEI GIJUTSU JANARU, the monthly journal of the Defense Technology Foundation, an organization associated with the Defense Agency's (DA) Technical Research and Development Institute (TRDI). Naruhiko Ueda, an Institute researcher who formerly served as TRDI's Assistant Director General for Ground Equipment Development and as defense attache to the Japaense Embassy in Washington, is executive director of the National Defense Society under Honorary Chairman Kiichi Saeki, former director of the Defense Agency's National Institute for Defense Studies, according to the March 1996 edition of the society's quarterly journal SHINBOEIRONSHU. Ueda is also senior executive director of the Defense Research Center (DRC), a DA-Linked foundation chaired by former DA Administrative Vice Minister Ko Maruyama. As a final example of Institute connections, the May 1996 edition of DRC's quarterly journal DRC announced that Hiroyasu Eguchi, who commaned the 13th Division before retiring in 1991, joined two other Institute members on the DRC's research committee for the period April 1996 to June 1997.

Japan: Editorial on Review of Communications, Broadcasting Systems

OW2006041696 Tokyo NIHON KEIZAI SHIMBUN in Japanese 16 Jun 96 Morning Edition p 2

[FBIS Translated Text] The "panel on the integration [yugo] of communications and broadcasting in view of the 21st century" (with Sho Nasu, vice president of the Keidaren [Federation of Economic Organizations of Japan] as chairman) is a private advisory council to the minister of posts and telecommunications. This panel has recently published a report stating it will be necessary to review legal systems connected with telecommunications and broadcasting. Due to such factors as rapid popularization of the internet and electronic business transactions, the framework of the legal systems connected with original technologies may now lag behind the times, and integration of the two meets the needs of the times.

What is the difference between "communications" and "broadcasting"? According to the legal system, "broadcasting" is defined as the one-way transmission of information to many and unspecified persons, and it is regarded as different from "communications," which is defined as exchanges of information between the concerned people. However, both broadcasting and communications have come to share one common electrical transmission line, and now there is an intermediate service area between the two.

In concrete terms, the sphere of broadcasting has now come to include such operations as communications service via a CATV [community antenna television] network; radio call through multilateral service via the FM radio wave; and broadcasting via communications satellites. As far as the intermediate sphere is concerned, there are "communications that are of public character," and "broadcasting that is of limitative nature."

Last February, the Telecommunications Act was drastically revised for the first time in sixty years in the United States. As a result, the United States has entered a stage, in which broadcasting and communications have become integrated. In principle, mutual entries [into business operations] among local telephone companies, long-distance telephone companies and CATV companies has now been liberalized, and regulations on limiting capitals for mass media will be eased.

Meanwhile, having failed to improve conditions for free competition, Japan still maintains its system of traditional but inefficient networks. the White Paper on Communications published this year notes that "there is a sign that Japan has fallen behind the United States and European countries in turning its society into an information-oriented one." The advisory council under the Ministry of Posts and Telecommunications must have published its report because of such factors as a rapid progress in information technology as well as measures taken by the United States in handling this trend.

The key to attaining affluent livelihood and activating economic activities lies in creating new improved conditions for information in such fields as broadcasting and communications—the most important foundations for the social infrastructure. Moreover, for Japan not to fall further behind the United States in these fields, it will be necessary to review how the concerned legal systems should be classified.

It is true that the speed of such a review must be increased. However, it must also be stressed that in promoting integration or in easing regulations, it will be necessary to take all considerations into account. In working out new regulations, the "freedom of expression" must be taken as the fundamental principle, and such rights as the privacy of those who will receive information and of the third parties must be protected.

If we should fail to study these fundamental points, it would be meaningless to promote reform, and there is a danger of falling into the technology-oriented principle. To promote integration of broadcasting and communications, it is essential that while watching the technological progress and the international trend, we must also study new tasks from multilateral standpoints so as to achieve a social consensus.

North Korea

DPRK: KCNA on Anniversary Marking Kim Chong-il's Career With WPK

SK1806115896 Pyongyang KCNA in English 1151 GMT 18 Jun 96

["Anniversary of Comrade Kim Chong-il's Career at WPK Central Committee Marked" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 18 (KCNA) — A national meeting was held at the April 25 House of Culture today 32 years since the great leader Comrade Kim Chong-il began working at the Workers' Party of Korea [WPK] Central Committee.

It was attended by Vice-President Yi Chong-ok, minister of the People's Armed Forces Choe Kwang, Vice-Premier of the Administration Council Kim Yong-nam and secretaries of the WPK Central Committee Kye Ung-tae, Chon Pyong-ho and Han Song-yong, who are Politburo members of the WPK Central Committee, and other senior party and state officials.

Kim Ki-nam, secretary of the WPK Central Committee, made a report under the headline "Let Us Staunchly Fight With Confidence in Victory and Revolutionary Optimism Under the Party's Leadership" at the meeting.

The reporter said:

The respected Comrade Kim Chong-il had long made revolutionary activities to accomplish the chuche revolution pioneered by the great leader Comrade Kim Il-song, before he began to lead the chuche cause of party building at the WPK Central Committee, the General Staff of the Korean revolution, on June 19, 1964. This was an event of historic importance in the efforts to strengthen the WPK and carry to completion the chuche socialism.

Since then, greater progress has been made in political, economic, cultural, military and all other affairs as well as party work.

In the course of leading the chuche revolution, Comrade Kim Chong-il always supported Comrade Kim Il-song's cause most faithfully, and led the WPK and the revolution from victory to victory with his outstanding ideas and theories and extraordinary charisma in each period and at each stage of revolutionary development.

The more than 30 years of his leadership of party work has been the most difficult period in the history of the WPK and the revolution.

Notably, socialism collapsed and capitalism revived in some countries in recent years. The WPK was faced with the heavy yet responsible task to meet the challenges from the imperialists and reactionaries, smash their activities for isolating and stifling the DPRK, defend the national sovereignty and Korean-style socialism and restore and strengthen the socialist movement worldwide.

At this complicated and difficult time fraught with radical changes, which is vital to the destiny of the party, the revolution and socialism, Comrade Kim Chong-il led the party work, strengthened the party into an invincible leading political organisation and consolidated the driving force of the Korean revolution, true to the noble intentions of Comrade Kim Il-song, so that today's shining victory could be achieved. The revolution has been saved from a crisis, the cause of socialist construction and national reunification been promoted and solidarity with the international revolutionary forces been consolidated.

This is a great historic achievement Comrade Kim Chong-il has made for the country and the people, the time and revolution by leading the Workers' Party of Korea.

From the first days of his guidance over the Workers' Party of Korea, Comrade Kim Chong-il has defended and steadily developed in depth the revolutionary idea of Comrade Kim Il-song and put his heart and soul into making the WPK discharge its mission befitting a political weapon for the realisation of the leader's idea and guidance.

The WPK has established relations of kinship with the popular masses and achieved singlehearted unity throughout its ranks and the society. This is an imperishable, distinctive feat Comrade Kim Chong-il performed for the cause of building the WPK through his guidance over it.

He put forward the outstanding idea that when we have a strong party, a powerful army and a strong youth league, we have nothing impossible in the world and are able to win in a fight against any formidable enemy. He has wisely led the work of strengthening the People's Army and the youth league under the leadership of the WPK in each period and at each stage of the developing revolution.

He performed the undying feats for the party, the revolution, the times and history by always finding himself among the people and increasing their strength a thousand-fold.

To have Comrade Kim Chong-il as the leader of the party and the revolution and make a revolution under his guidance is the greatest honor and happiness for the WPK, the people, the People's Army and the young men and women. This means they are blessed with great leaders generation after generation.

Referring to the tasks the WPK and people should fulfil to discharge with credit the mission they assume before the times and revolution, the reporter called upon all the party members and other people to uphold the leadership of Comrade Kim Chong-il with conviction of certain victory and revolutionary optimism.

The reporter quoted Comrade Kim Il-song as saying:

"In order to defend the man-centered socialism in our country and accomplish the revolutionary cause of chuche with credit, it is necessary for the whole party and all the people to rally close around Comrade Kim Chong-il and remain loyal to his leadership."

The reporter further said:

We have nothing to be afraid of and we will certainly win in the revolution guided by a great leader, no matter what trials and difficulties crop up. This is the unshakable faith and will that the party members and people bear deep in their hearts through their experience in the past 30 odd years of the Korean revolution in which they traversed the road full of victories and glory, holding in high esteem Comrade Kim Chong-il.

All the party members and people should have a firm revolutionary outlook on the leader, get united around Comrade Kim Chong-il, defend the singlehearted unity of the party and revolutionary ranks around him as the apple of the eye and constantly develop it in depth, the reporter added.

DPRK Leaders Attend Meeting To Mark Kim Chong-il's WPK Career

SK1906001796 Pyongyang Korean Central Broadcasting Network in Korean
2100 GMT 18 Jun 96

[FBIS Translated Excerpt] A central report meeting was held at the April 25 House of Culture on 18 June marking the lapse of 32 years since Comrade Kim Chong-il, the great leader [yongdoja] of our party and people, began working at the Workers Party of Korea [WPK] Central Committee. [passage omitted]

Seated on the rostrum were Comrade Yi Chong-ok, member of the Political Bureau of the WPK Central Committee and vice president; Comrade Choe Kwang, member of the Political Bureau of the WPK Central Committee and minister of the Peoples Armed Forces; Comrade Kim Yong-nam, member of the Political Bureau of the WPK Central Committee and vice premier of the Administration Council; Comrades Kye Ung-tae, Chon Pyong-ho, and Han Song-yong, members of the Political Bureau of the WPK Central Committee and secretaries of the party Central Committee; Comrade Choe Tae-pok, candidate member of the Political Bureau of the WPK Central Committee and secretary of the party Central; Comrades Hong Song-nam and Choe Yong-nim, candidate member of the Political Bureau of the WPK Central Committee and vice premiers of the Administration Council; Comrades Cho Myong-nok, Paek Hak-nim, Yi Ha-il, and Kim Ik-hyon, vice marshals of the Korean People's Army; Comrades Kim Ki-nam, Hwang Chang-yop, Kim Chung-nin, and Kim Yong-sun; secretaries of the WPK Central Committee; Comrades Kim Pok-sin and Chang Chol, vice premiers of the Administration Council; Comrade Yun Ki-pok, chairman of the Economic Policy Commission of the Central People's Committee; responsible functionaries of party and power organs, administrative and economic organizations, armed forces and social security organizations, working associations, and central organizations; responsible functionaries of the party; party functionaries in Pyongyang; and model cell secretaries. [passage omitted]

DPRK: NODONG SINMUN Commemorates Kim Chong-il's WPK Career

SK1906051096 Pyongyang KCNA in English
0455 GMT 19 Jun 96

[FBIS Transcribed Text] Pyongyang, June 19 (KCNA) — NODONG SINMUN today carries an editorial upon the lapse of 32 years since the great leader Comrade Kim Chong-il began working in the Central Committee of the Workers' Party of Korea [WPK].

Under the title "Let Us Accomplish Revolutionary Cause of Chuche Under Leadership of the Great Comrade Kim Chong-il" the daily says:

June 19, 1964, will remain recorded in the history of the struggle of the WPK and the Korean people as a significant day that brought the advent of a glorious era named after the great leader and new changes in all the fields of the revolution and construction and opened up a bright prospect of the country and the revolution.

The daily quotes the great leader Comrade Kim Il-song as saying:

"It is since the beginning of Comrade Kim Chong-il's leadership that new changes have taken place not only in the party work but in political, economic and cultural fields and great innovations and upsurge effected in all sectors of socialist construction."

The more than 30 years of the respected Comrade Kim Chong-il in leading the WPK and the revolution is a history of an illustrious leader with clairvoyance, distinguished intelligence and outstanding leadership, the daily says, and continues:

While triumphantly guiding the WPK and the people, he has fully demonstrated traits befitting a political leader of socialism with extraordinary leadership ability.

His leadership is an allround continuity of the guidance of the leader who started the revolution, the most revolutionary leadership based on loyalty and filial duty to the leader.

He, who regards it as his lifelong motto to complete the revolutionary cause of chuche pioneered by Comrade Kim Il-song, has always guided all the domains of the revolution and construction as Comrade Kim Il-song did.

"Do not expect any change from me" — this is his firm resolution.

Comrade Kim Chong-il's is an invincible leadership which turns adversity into favorable circumstances and misfortune into fortune with clairvoyance and iron will. It is also the leadership which solves everything by depending on the popular masses and arousing them.

With such great traits he has performed admirable, imperishable feats in political, economic, cultural, military and all other fields of the revolution and construction, enjoying deep respect and trust from the people.

His leadership will as ever be vital to the Korean revolution and be the source of its invincibility.

His veteran and experienced leadership definitely guarantees a bright future of prosperous Korea, the homeland of chuche, and the final victory of the chuche cause.

In an editorial titled "Let Us Further Glorify the Party's Leadership Feats" the daily MINJU CHOSON says the WPK's leadership feats are great exploits performed by Comrade Kim Chong-il in defending the revolutionary feats of Comrade Kim Il-song and developing them as required by the time and the developing revolution.

DPRK: KCNA Decries 'Surprise Landing Exercise' by ROK 'War Hawks'

SK2006042696 Pyongyang KCNA in English 0408 GMT 20 Jun 96

[FBIS Transcribed Text] Pyongyang, June 20 (KCNA) — The South Korean war hawks staged a surprise landing exercise involving a naval unit on the coast in the western sector of the front for recent two weeks, a radio report from Seoul said on Tuesday [18 June].

The exercise was aimed at enhancing the surprise attack capacity [words indistinct] of commandos.

This indicates the Kim Yong-sam group are watching for a chance of northward invasion while holding one military exercise after another in the sky and on the ground and the sea.

DPRK: NODONG SINMUN Denounces ROK for 'Ideological Suppression'

SK2006043896 Pyongyang KCNA in English 0423 GMT 20 Jun 96

[FBIS Transcribed Text] Pyongyang, June 20 (KCNA) — The Kim Yong-sam group of South Korea have suppressed those students who have studied and disseminated the chuche idea and formed an organization.

Defining the suppression as a truculent outrage by fascist tyrants, NODONG SINMUN today says:

It pertains to human rights that one studies progressive ideas, forms an organization and rises up in the struggle of one's own accord. This can never be a target of suppression.

It is only too just that South Korean patriotic-minded students have followed the immortal chuche idea and turned out in the anti-U.S., anti-fascist struggle for democracy. It deserves praise from the whole nation. Nevertheless, the Kim Yong-sam fascist clique have detained them. Their fascist act is a never-to-be-condoned ideological suppression.

By checking the dissemination of progressive ideas at the point of bayonet and harshly suppressing patriotic-minded students calling for independence, democracy and reunification, the puppets have fully revealed their true colors as fascist tyrants and the real appearance of South Korea as a graveyard of human rights, a dark, closed society where fascism holds sway.

The situation shows that they have been desperately trying to get out of their serious crisis.

But ideology can never be shackled.

The Kim Yong-sam group must clearly see the current of history, promptly stop suppressing patriotic-minded students and step down as unanimously demanded by the people.

DPRK: NODONG SINMUN Delegation Meets CPC Politburo Member

SK1906123196 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 16 Jun 96

[FBIS Translated Text] On 15 June, Comrade Wei Jianxing, a member of the Political Bureau and Secretariat of the CPC Central Committee and the secretary of the Central Discipline Inspection Commission, met with our country's NODONG SINMUN delegation, led by Kang Tok-so, deputy editor-in-chief of NODONG SINMUN, at the People's Assembly Hall in Beijing.

During the meeting, Comrade Wei Jianxing said the Chinese Party and people deeply value the traditional friendship between the two parties, the two countries, and the two peoples of China and the DPRK, and that it is especially important to further strengthen the friendly relations between China and the DPRK under the current international situation.

He said no matter how the international situation may develop and what sort of changes may take place on the Korean peninsula, China will concentrate its efforts on strengthening the friendship between China and the DPRK. He then stressed China will invariably support the DPRK's independent cause of reunification.

Saying he has truly rejoiced over the fact that the DPRK people are achieving great success in various sectors under the leadership of Comrade Kim Chong-il, he sincerely wished the DPRK happiness and prosperity.

Also present at the meeting were (Ho Chungjin), deputy editor-in-chief of RENMIN RIBAO, and Chu Changchun, our country's ambassador to China.

DPRK: PRC People's University Delegation Arrives for Visit

SK2006043496 Pyongyang KCNA in English 0408 GMT 20 Jun 96

[FBIS Transcribed Text] Pyongyang, June 20 (KCNA) — A delegation of the People's University of China led by its secretary Ma Shaomeng arrived here today.

The delegation was welcomed at Pyongyang Railway Station by the president of the Chuche Idea Academy, Han Su-kil.

DPRK: Delegation of Workers Party Officials Leaves for PRC

SK2006072696 Pyongyang KCNA in English 0714 GMT 20 Jun 96

[FBIS Transcribed Text] Pyongyang, June 20 (KCNA) — A delegation of officials of the Workers' Party of Korea led by Nam Chae-hwan, vice-director of a department of the WPK Central Committee, left here today to visit China.

The delegation was seen off at Pyongyang Railway Station by Kim Yang-kon, vice-director of a department of the WPK Central Committee, and Sui Xiudong, charge d'affaires ad interim of the Chinese Embassy here.

DPRK Daily Publishes Work on 'Socialist Ideological' Activities

SK1906101896 Pyongyang KCNA in English 1013 GMT 19 Jun 96

["Important Work on Socialist Ideological Activities" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 19 (KCNA) — Prof. Yi Su-kun contributed an article to NODONG SINMUN today to mark the first anniversary of the publication of the famous work "Giving Priority to Ideological Work Is Essential For Accomplishing Socialism" by the great leader Comrade Kim Chong-il.

In the work published on June 19 last year, Comrade Kim Chong-il gives an exposition of all the theoretical and practical questions in socialist ideological activities such as the importance of ideological activities in the accomplishment of the socialist cause and the essence, duty, contents and ways of the working-class party's ideological activities.

The article says the significance of the work finds an expression in that the work perfectly explains in a theoretical and practical way that the consolidation and development of socialism and its destiny are dependent on the working-class party's ideological activities.

In the work Comrade Kim Chong-il, basing himself on a profound analysis of the historical practice of the socialist movement, says what is important in accomplishing the socialist cause is that the working-class party puts ideological activities above any other things and constantly invigorates them.

The significance of the work finds another expression in that the work makes it possible to make the same ideology prevail in the whole society and encourage the Korean people to have a firm faith in socialism and further consolidate the ideological position of Korean socialism.

In the work Comrade Kim Chong-il says the basic duty of socialist ideological activities is to model the whole society on socialist ideology and stresses the need to strengthen ideological education so that all the people may be well aware of the scientific accuracy, truth and invincibility of socialism.

The significance is also manifested in that the work makes it possible for the WPK [Workers Party of Korea], which guides the people, fully responsible for their destiny, to more creditably discharge its mission and duty as a political leadership organization.

The work is a monumental one of the present era which fully mirrors the iron will of the respected Comrade Kim Chong-il to steadfastly defend and complete the socialist cause and fully shows his distinguished ideological and theoretical intelligence.

South Korea

ROK: Daily Interviews U.S. Ambassador to ROK

SK2006055796 Seoul TONG-A ILBO in Korean 19 Jun 96 p 5

[Interview with U.S. Ambassador to ROK James Laney by TONG-A ILBO reporters Yon Kuk-hui and Pak Chae-kyun — date, place not given; first paragraph is TONG-A ILBO introduction]

[FBIS Translated Text] U.S. Ambassador to the ROK James Laney has been known as being well informed about the Korean situation in the United States even before he came to the ROK as the U.S. ambassador. After he first came to Korea as a member of the U.S. Army after Korea's liberation, he again visited Korea in 1959 as an exchange professor at Yonsei University. He experienced the 19 April incident [ROK students' uprising in 1960] and the 16 May incident [military coup in 1961] in Korea. He has been widely known among the people, from his activities within the United States to his support for antigovernment intellectuals during the era of military dictatorship in Korea. After serving as president of Emory University in the United States, he assumed the position of U.S. ambassador to the ROK in October 1993. It has already been two years and eight months since he came to Korea as ambassador.

[Reporter] Thank you for allowing TONG-A ILBO an interview with you this year, too, following the one last year. We understand that you have recently been to your home country. Whom did you meet there and what did you talk about with them?

[Laney] As I am ambassador to the ROK, all my conversations were related to the Korean peninsula. I met with U.S. Secretary of State Warren Christopher; Anthony Lake, presidential assistant for security affairs; Secretary of Defense William Perry, and the like. I also met with General John Tilelli, successor to General Garry Luck, commander of U.S. Forces in Korea. We exchanged opinions and views about the situation on the Korean peninsula, including food aid to North Korea. I visited the Carter Center in Atlanta and met former U.S. President Jimmy Carter.

[Reporter] In a dialogue with North Korea's Kim Il-song, former President Carter helped remove the military crisis on the Korean peninsula created by the nuclear problem and arranged a North-South summit. Thus, he has been deeply involved in issues concerning the Korean peninsula. What kind of talks did you have with former President Carter?

[Laney] A team of agricultural technicians from the Carter Center visited North Korea just before I met with former President Carter. Therefore, our conversation focused on this matter.

Before you ask, I will tell you that former President Carter has no plans to visit the ROK or North Korea at this point.

[Reporter] At present, the ROK and the United States have been concentrating their diplomatic efforts on realizing the four-way talks. Has there been any progress in North Korea's attitude toward the four-way talk proposal or toward the proposal of an ROK-U.S. joint explanatory session?

[Laney] The four-way talk proposal made by the ROK and the United States is intended to bring North Korea to the talks, because North Korea's "risk" would be increasing as a result of its worsening situation. Up until now, North Korea has not mentioned whether it accepts or refuses the four-way talks. The consistent position of the United States is to participate in the four-way talks and the explanatory session for the talks together with the ROK.

[Reporter] However, the United States and North Korea can have a dialogue at any time through what they call the New York channel. Was there any contact between the two sides in New York in the meantime?

[Laney] The New York channel carries out only liaison work between the United States and North Korea. If my memory is correct, the last New York contact was made in a bid to explain to the North Korean side the issue of holding the ROK-U.S. joint explanatory session for the four-way talks.

[Reporter] What are the prospects for realizing the four-way talks?

[Laney] Of course, I do not think North Korea will easily accept the proposal. North Korea has maintained the position that the issue of replacing the Armistice Agreement with a tentative agreement can be discussed only with the United States. However, the United States maintains the consistent policy that the question of peace on the Korean peninsula cannot be discussed without ROK participation. Such a resolution and pledge by the U.S. side is firm and solid. Concerning the prospects for realizing the four-way talks, you may well pay attention to the fact that North Korea has not shown its refusal of the four-way talks up to now.

[Reporter] How will the ROK and the United States react in the event that North Korea continues to maintain its ambiguous attitude of neither accepting nor refusing the four-way talks? Do you think that high-level North Korea-U.S. talks, which North Korea demanded to the United States, can be an alternative?

[Laney] The United States is not considering any plan other than the four-way talks. I am hoping that the decision of the ROK and the United States to offer humanitarian aid to North Korea, although it is of a small amount, is accepted as a sincere attitude of the ROK and the United States for realizing the four-way talks.

The high-level talks between North Korea and the United States were proposed even long before the ROK and the United States proposed the four-way talks. In other words, the talks are in accord with the basic framework of the U.S.-North Korea Geneva agreement. However, at present the United States has no plans to hold high-level talks with North Korea. Besides, even if high-level talks are held, the talks cannot be an alternative to the four-way talks.

The ROK Government told the U.S. Government that patience and waiting are necessary for solving the North Korean question, and such a judgment by the ROK Government is indeed wise.

[Reporter] You spoke of patience and waiting. Do you think that the ROK Government's attitude in announcing the insurance money that North Korea has recently received for its poor harvest is going with patience and waiting? The ROK Government revealed that North Korea had received $130 million in insurance for bad crops. In contrast, you, Mr. Ambassador, said that North Korea had received only $13 million. Is not there a problem in the cooperative system between the governments of the ROK and the United States in exchanging information and dealing with the mass media?

[Laney] A close cooperative system, even closer than ever before, has been maintained between the ROK and the United States. Facts are often exaggerated when reported by the media. The issue of the amount of insurance money causes confusion from time to time. I had sufficient consultations with the Foreign Ministry regarding how much North Korea has received in insurance money. The $13 million which I announced that North Korea received, is something I also discussed with the ROK Government. This amount has been confirmed by the British Government.

[Reporter] Recently, the ROK, the United States, and Japan announced they would provide rice aid to North Korea. The quantities they announced are too small to solve North Korea's food shortage. North Korea needs large-scale government-level aid by the governments of the three countries. What if North Korea continues to reject the four-way talks?

[Laney] North Korea's food shortage is caused by institutional reasons. The flood damage in North Korea has further exacerbated its food problem. Therefore, North Korea's food problem cannot be settled fundamentally by food aid from other countries. The aid from the ROK, the United States, and Japan is nothing but humanitarian assistance to alleviate the suffering of North Koreans. It is not all-out assistance to North Korea. This is why the recent assistance to North Korea was limited, such as powdered milk for North Korean children.

[TONG-A ILBO note] Laney added, "To settle North Korea's food problem, overall institutional reform, including its agricultural production system, is necessary. Therefore, North Korea should respond to dialogue so that the ROK, the United States, and Japan can provide help in carrying out such institutional reform." [end note]

[Reporter] We understand the ROK-U.S. negotiations for revising the ROK-U.S. Status of Forces Agreement [SOFA] have entered a final stage. Do you expect the SOFA negotiations to be settled soon?

[Laney] The negotiations have already continued for a long time. I do not want to make presumptions about them. The two countries have left another round of talks to make a final agreement. Therefore, the governments of the two countries are urged to make efforts to completely settle the negotiations at the talks.

[Reporter] ROK-U.S. missile talks were held in Seoul recently. The ROK side insisted that the ROK-U.S. missile memorandum which limits the range of ROK-developed missiles to 180 km should be revised. What is the U.S. position toward this?

[Laney] Basically, the United States opposes having those missiles capable of carrying nuclear warheads be introduced into this region.

[TONG-A ILBO note] Laney added: "I think that the introduction of patriot missiles into South Korea two years ago has been conducive to stability on the Korean peninsula. At that time I was personally greatly disappointed to hear people remark that the U.S. introduction of patriot missiles to South Korea was an effort to sell patriot missiles." [end note]

[Reporter] Mr. Ambassador, in your recent speeches you stressed that we should help North Korea for no other reason than settling the crisis of the North Korean system. Is not your position different from the ROK Government's view on North Korea?

[Laney] Because of its military threat, North Korea was regarded as an enemy in the past, and, accordingly, our policy toward North Korea was enforced as such. However, the situation in North Korea has changed now. Its economic situation is becoming more serious with each passing day. If the situation deteriorates further it may lead to the collapse of the North Korean regime. In this case, North Korea may exploit its military strength to settle its internal conflicts. Therefore, our policy toward North Korea should be enforced in the direction of alleviating such a risk.

It is not proper behavior to be indifferent to the starving North Korean people. Controlling the deterioration of North Korea's economic situation is no less important than controlling the DMZ.

[TONG-A ILBO note] In conclusion, Ambassador Laney stressed: "Regarding this point, I have exchanged views with President Kim Yong-sam; Foreign Minister Kong No-myong; Yu Chong-ha, senior secretary for foreign affairs and national security at Chongwadae [presidential offices], and other ROK Government officials, and I found they hold no different views." [end note]

ROK: Deputy Chief of U.S. Mission Interviewed on Korean Issues

SK2006063296 Seoul CHOSON ILBO in Korean 20 Jun 96 p 6

[Interview with Charles Kartman, deputy chief of mission of the U.S. Embassy in the ROK, by CHOSON

ILBO reporter Ku Song-chae; date and place not given; first paragraph is CHOSON ILBO introduction]

[FBIS Translated Text] Charles Kartman, the deputy chief of mission of the U.S. Embassy in Seoul, will leave for the United States next week to assume his new post of deputy assistant secretary of state for East Asian and Pacific Affairs. He has been accredited to the ROK and Japan twice respectively and is one of the most recognized Korean peninsula experts in the U.S. Government. His new post is also a key position in charge of issues on the Korean peninsula. A CHOSON ILBO reporter interviewed him on various issues including the U.S. policy on the Korean peninsula.

[Ku Song-chae] It often appears that the U.S. policy on the Korean peninsula is based on a principle of "two Koreas."

[Kartman] The U.S. policy is invariable in the respect that the United States supports the peaceful reunification of the Korean peninsula in accordance with the intent of all Koreans. In the past, the United States focused on deterring North Korea's attempt to reunify the peninsula by force. The current situation requires an intermediate step, and both South and North Korea should recognize the legitimacy of each other to make them one. However, this does not mean a policy for two permanently divided Koreas.

[Ku] It seems that the ROK and the United States differ in their opinions on the strategy for a soft landing for North Korea.

[Kartman] What is interesting is it was not the U.S. Government, but rather the ROK Government, that presented the soft-landing strategy for the first time. Different from the U.S. Government, the ROK Government under then-President No Tae-u thought about possible situations following the collapse of the North Korean regime. ROK Government officials began to discuss a soft-landing strategy, a plan to narrow the economic gap between South and North Korea in preparation for reunification by helping the recovery of the North Korean economy.

We accepted this plan because we believe it is reasonable. We sought ways to contribute to realizing the plan, and at the request of the ROK Government we mapped out the policy on a "modest initiative toward North Korea" right before the 1988 Olympics. In accordance with this policy, we began academic, cultural, and humanitarian exchanges with North Korea at a very low level and were ready to make even a small contribution to inducing North Korea to open itself up. However, the situation changed suddenly with the unexpected emergence of the nuclear issue in 1989. I believe that now the necessity of a soft-landing strategy is even greater than it was at that time.

[Ku] Some predict North Korea will collapse in the near future.

[Kartman] It is an assumption based on incomplete information, such as the aggravation of food problems in North Korea and the increase in defectors, in addition to the death of Kim Il-song. In view of current situation, we cannot say North Korea will shortly collapse. However, it is certain that North Korea is in serious difficulties and that we must do something in time to reverse this situation.

[Ku] What is the U.S. role with regard to inter-Korean dialogue?

[Kartman] It is North Korea's strategy to hold dialogue with only the United States, but it is impossible for North Korea to keep company only with the United States, as is shown in the Korean Peninsula Energy Development Organization, a multinational organization. The proposal for four-way talks presupposes the same situation. If North Korea wants to have discussions with the United States regarding the peace system on the Korean peninsula, it must have face-to-face dialogue with the ROK.

[Ku] What is the probability for holding the four-way talks?

[Kartman] The proposal for four-way talks is reasonable, and it is our answer to what North Korea wants. North Korea may solve the difficulties it faces, accepting the proposal for four-way talks. The only thing North Korea will lose is its political dogma of denying the ROK's legitimacy, and, except for this, the proposal is of benefit to North Korea. North Korea should correctly view the benefit. I believe North Korea will accept this proposal.

[Ku] As I understand, you are the first Korea expert to be the U.S. deputy assistant secretary of state for East Asian and Pacific Affairs.

[Kartman] I feel more honored when I am called a Korea expert than when I am called a deputy assistant secretary. I also understand it is the first time a Korea expert has been named to the post. However, this is not surprising in light of the escalation of the ROK's status in the international arena. The ROK is no longer a small country; it is an important country that hosted the 1988 Olympic games, has joined the United Nations, has obtained nonpermanent membership on the United Nations Security Council, and that will co-host the World Cup. It will be a frequent thing for those who have worked at the U.S. Embassy in the ROK to be called to policy-making offices in Washington.

[Ku] What is your impressive experience during your service in the ROK?

[Kartman] I have come to like Koreans. Their high level of education and enthusiasm are impressed on my memory. The 1988 Seoul Olympics was also impressive. The event served as the momentum for the ROK to proclaim to the world its growth as an internationalized country.

ROK: U.S. Embassy Simplifies Visa Process for Professors, Others

SK2006015096 (Internet) The Joong-Ang Ilbo WWW in English 20 Jun 96

[FBIS Transcribed Text] The procedures for issuing U.S. entry visas will become simplified in Korea. In the future, people who already possess a U.S. tourist visa will be able to apply for a visa renewal without an interview.

The U.S. Embassy in Korea announced Wednesday [19 June] that it has decided to expand the scope of people eligible to receive a visa without going through an interview.

According to this new program which was enforced on Wednesday, people who obtained a tourist visa from the U.S. Embassy in the past as well as the professors, students and administrative employees of about 50 Korean universities designated by the U.S. Embassy will be allowed to apply for a short-term tourist or student visas without an interview. According to the U.S. Embassy, these people should submit the necessary documents during weekday afternoons in order to obtain a visa.

ROK: Kim-Hashimoto Summit To Address History to Limited Extent

SK2006085396 Seoul YONHAP in English 0516 GMT 20 Jun 96

[By Hwang Tu-hyong]

[FBIS Transcribed Text] Seoul, June 20 (YONHAP) — The summit meeting between President Kim Yong-sam and Japanese Prime Minister Ryutaro Hashimoto will touch on the "unhappy" history involving their countries only to an extent that does not undermine their common aspiration for future-oriented ties between the two countries, a Foreign Ministry official said Thursday [20 June].

"The upcoming summit was originally intended to discuss their countries' co-hosting of the 2002 World Cup soccer finals," the official said.

Ways to strengthen solidarity and cooperation between the two co-hosts of the world's biggest soccer event will be the major topic of Sunday's summit, he said.

The official said that the Japanese prime minister is likely to express his view on the history of relations between the two countries in one form or another while meeting with President Kim in Cheju over the weekend.

The official refused, however, to elaborate on the extent to which Hashimoto will comment on such historically sensitive issues as the so-called comfort women who were forced to act as prostitutes for Japanese soldiers during World War II, and Japan's claim to South Korea's easternmost islets of Tokto.

South Korea does not want to address those sensitive issues during the Cheju summit, fearing that it might overshadow the original intent of the meeting proposed by President Kim immediately following FIFA's decision to have co-hosts for the 2002 World Cup finals, according to officials.

Hashimoto, however, has said on a few occasions that he will raise the issue of the comfort women during the upcoming summit with Kim.

Director General Kim Ha-chung of the ministry's Asia Pacific Affairs Bureau was in Tokyo Tuesday and Wednesday, which indicates that the two countries have yet to narrow differences regarding the summit agenda. Kim's Japanese counterpart Ryojo Kato also visited Seoul last weekend in connection with the same issue.

"It's not clear at the moment whether Hashimoto will repeat the remarks made by former Japanese Prime Minister Tomiichi Murayama that acknowledged Japan's invasion of Korea and expressed remorse," the official said.

Hashimoto is said to be a right-wing Japanese leader who has defended Japan's past militarism.

Last August Murayama, a socialist leader, acknowledged that at one point in Japan's history its aggressive colonial policies were wrong and inflicted great damage and suffering on its Asian neighbors.

Murayama expressed his view of the unhappy history on the 50th anniversary of the end of World War II by apologizing and expressing remorse to Asian peoples for the damage and suffering caused by Japan.

Aside from the historical issues, Kim and Hashimoto will focus on ways to deal with North Korea, including the provision of additional government-level large-scale food aid to North Korea and the four-party meeting proposed by Kim and U.S. President Bill Clinton for a permanent peace mechanism on the Korean Peninsula, officials said.

Other issues that might be discussed include bilateral coordination of Tokyo's attempt to resume normalization talks with Pyongyang and attempts by Japanese businessmen to establish commercial ties with North Korea, they said.

Japanese Foreign Minister Yukihiko Ikeda will accompany Hashimoto to Cheju Island over the weekend and is likely to have a separate preparatory meeting with his South Korean counterpart, Kong No-myong, late Saturday evening or early Sunday morning to ensure that the summit goes smoothly, although the two have not yet had time to schedule an exact time.

Hashimoto will fly to Cheju late Saturday and will have a summit with Kim Sunday morning before leaving the southern resort island around noon.

South Korea and Japan recently agreed in principle to hold working-level summits between Kim and Hashimoto at resorts because they are not subject to strict and complicated protocol involving a state visit, as would be the case at the capitals of each country.

Hashimoto will not be accompanied by his wife to Cheju Island and his entourage will be very limited.

ROK: Japan's Hashimoto Likely To Apologize for Past 'Damage'

SK2006084096 Seoul YONHAP in English 0140 GMT 20 Jun 96

[FBIS Transcribed Text] Tokyo, June 20 (YONHAP) — Prime Minister Ryutaro Hashimoto is likely to do some soul-searching and apologize for the damage Japan inflicted on Korea in the past when he visits South Korea over the weekend.

A diplomatic source here said Thursday [20 June] that when he meets President Kim Yong-sam on Cheju Island Sunday, the prime minister will recognize the historical relations between the two countries in the same manner as his predecessor, Tomiichi Murayama, did in a statement he issued on the anniversary of Japan's surrender in World War II last year.

In that statement, Murayama, acknowledging that Japan had inflicted enormous damage and pain on Asian nations through aggression and colonial rule, said the Japanese people should search their souls and apologize from the bottom of their hearts.

The Cheju summit was initially intended to focus on how the two countries can successfully co-host the 2002 World Cup soccer finals, avoiding the delicate and sensitive issues pending between the two countries, including historical relations, but former Justice Minister Seisuke Okuno's recent remarks enraging the Korean people have made it necessary to address such issues, he explained.

Prime Minister Hashimoto will officially acknowledge the historical relations to the extent Murayama did in his statement on the anniversary of Japan's World War II surrender last year, he added.

Another source said the two leaders will seek a way of bypassing the historical relations issue so the Cheju meeting can strengthen an otherwise smooth relationship.

ROK: Female Lawmakers Admonish Japan on 'Comfort Women' Issue

SK2006085496 Seoul YONHAP in English 0628 GMT 20 Jun 96

[FBIS Transcribed Text] Seoul, June 20 (YONHAP) — Nine female lawmakers from both the ruling and opposition parties called on the Japanese Government Thursday to "fulfill with certainty its responsibility with regard to the 'comfort women' issue."

The legislators made the urge in a press conference at the National Assembly to publicize the issue just three days before Japanese Prime Minister Ryutaro Hashimoto visits South Korea.

They insisted that the Japanese Government provide official compensation for comfort women, who were forced to provide sex to Japanese soldiers during World War II, and punish those responsible for the crime.

The female National Assembly members also demanded that Tokyo stop trying to gloss over the issue with the "Asia Peace Fund for Women" program.

The press conference was attended by Reps. Kwon Yong-cha and Yim Chin-chul from the ruling New Korea Party, Sin Nak-kyun and Chu Mi- ae from the major opposition National Congress for New Politics, and Yi Mi-kyong from the minor opposition Democratic Party.

A statement issued by the female lawmakers was signed by 191 fellow legislators.

ROK: DPRK Foreign Ministry Official To Visit Japan 24 Jun-1 Jul

SK2006084296 Seoul YONHAP in English 0257 GMT 20 Jun 96

[FBIS Transcribed Text] Tokyo, June 20 (YONHAP) — A working-level official of North Korea's Foreign Ministry will arrive here early next week for possible discussions about resuming normalization talks that have been suspended since late 1992.

A diplomatic source said Thursday [20 June] that Yi Chin-chol, head of the Foreign Ministry's Japan desk, would fly into Tokyo Monday as a member of the Disarmament and Peace Research Institute's (DPRI) delegation visiting Japan between June 24 and July 1 at the invitation of the International Affairs Research Institute (IARI), an agency affiliated with Japan's Foreign Ministry.

Yi is likely to meet Koro Bessho, head of the Japanese Foreign Ministry's Northeast Asia desk, on Tuesday to discuss the resumption of normalization talks. The Pyongyang official had reportedly met Bessho in Beijing last March.

The DPRI is primarily staffed by officials from the Foreign Ministry, with Yi concurrently serving as head of the institute's Japan section.

The IARI has invited the North Korean institute to send a delegation to Japan in return for the DPRI's invitation of an IARI delegation to North Korea in March.

In a related development, Kim Chong-u, chairman of North Korea's External Economic Cooperation Promotion Committee, will visit Japan in mid-July for a series of briefing sessions on foreign investment in the Najin-Sonbong free trade area in Tokyo, Osaka, Niigata, Toyama and other cities.

ROK: DPRK Black Market for Food Reportedly Growing

SK2006025396 Seoul SEOUL SINMUN in Korean 20 Jun 96 p 2

[Report by Ku Pon-yong]

[FBIS Translated Text] In the North Korean socialist economic system based on rationing, the black market is reportedly growing.

The reason for the growing black market is of course the serious food shortage. North Koreans have to find a way to survive in the black market. An ROK Government official estimated that approximately 1 million tonnes of rice, corn, and grains are sold in North Korean black markets annually. His estimate is based on the testimony of Yi Min-pok, the North Korean agriculture researcher who recently defected.

Experts have different opinions on the size of the black market for food in North Korea, but they all agree that it is growing.

According to defectors, there are three sources for the black market goods. First, farmers have about 20 to 30 pyongs [one pyong equals 3.3 square meters] of patch fields in their gardens. Grain produced here was stored for emergencies. Second, state provisions are embezzled or stolen during the rationing process. The last source is the surplus grain distributed to cooperative farm members.

North Korean authorities reportedly prohibited the increasing black marketing once in November 1995. Some black market dealers and farmers who refused to deliver their produce were reportedly shot to death in North Korea's ultra-strong measure to retrieve food.

However, ROK officials believe that this year, North Korean authorities are implicitly allowing the black marketing of foods to prevent social unrest.

It is ironic that the black market, which is a cancer in a normal economic system, serves as a safety board preventing bankruptcy in the North Korean economy.

ROK: Economic Policy Institute Urges Trade Mission for ASEAN

SK2006033396 Seoul THE KOREA TIMES in English 20 Jun 96 p 9

[FBIS Transcribed Text] The state-funded Korea Institute for International Economic Policy (KIEP) yesterday called on the government to consider establishing a trade mission in the Association of Southeast Asian Nations (ASEAN) ahead of its formal launching of the Asia Free Trade Area in the year 2000.

It said the seven-nation ASEAN will remove trade, customs and non-customs barriers, liberalize intra-regional services trade, protect intellectual property rights and harmonize the customs clearance system before it establishes a free trade area.

In 1994, Korea shipped 13 percent of its global exports to ASEAN, from which Korea imported 7.7 percent of its globally purchased goods and services. ASEAN is the nation's third largest export market following the United States and Japan.

It is Korea's fourth largest import market. A total of 19.4 percent of all Korean outbound investment is in ASEAN, KIEP said.

KIEP called on the government to establish a research institute exclusively in charge of studying the ASEAN economy and data base.

ROK Government 'Cannot Afford' To Meet All OECD Conditions

SK2006032396 Seoul THE KOREA TIMES in English 20 Jun 96 p 2

[By staff reporter Han Tong-su]

[FBIS Transcribed Text] South Korea has no intention to push ahead with its move to enter the Organization of Economic Cooperation and Development (OECD) at the expense of excessive economic interests, said a senior presidential economic aide yesterday.

Briefing reporters on Korea's external economic relations, Ku Pon-yong, senior presidential secretary for economic affairs, said Korea cannot afford to satisfy all the conditions the OECD has set forth as qualifications for any country to become a member of the group of advanced economic powers.

"For instance, it is almost impossible for Korea to fully liberalize the introduction of foreign cash loans and foreigners' investments in the domestic bond market," Ku said.

Ku's briefing apparently took place as there has been an outcry rebuking the recent government announcement of liberalizing foreign investments in Korea's banking and stock trading business by the end of 1998.

After the measure, domestic mass media assailed the government for yielding too much to excessive foreign demands at the expense of the nation's economic interests in its blind pursuit to join the OECD.

Ku denied the media allegations, saying the measure is strictly in line with the government's schedule for opening domestic financial markets.

Yet, the top presidential economic aide made it clear that Korea will not hastily promote its entry into the OECD if and when the international body presses Korea with excessive demands and preconditions. "We will firmly stick to our principles in future negotiations with foreign countries or international organizations," Ku said in a resolute tone.

In its bid to enter the OECD, according to Ku, Korea has obstacles to overcome in three key issues — the OECD's acceptance of exceptions in agricultural and environmental sectors, the revision of stiff labor laws and liberalization of financial market.

To become an OECD member, an applicant nation should graduate from the status of a developing country by fully opening its agricultural market and by sharply reducing the aggregate volume of carbon dioxide emitted by its industries in accordance with the U.N. Framework Convention on Climate Change. The convention stipulates that by the year 2000, any advanced country strive to peg the CO2 emission level to that of 1996.

"It is impossible for Korea to meet the convention stipulation in light of its economic structure," an aide to Ku said.

In the field of the sensitive agricultural sector, there are few things the government can do against the will of the already disenchanted, angry farmers, said the official, requesting anonymity.

"Even in the Uruguay Round negotiations, the World Trade Organization agreed to give Korea an exceptional status as far as the agricultural issue was concerned," the secretary said.

On the labor issue, Korea is doing whatever it can, including setting up a presidential commission to draft more liberal labor laws that will allow a third party's intervention in labor disputes and multiple labor unions at a single firm to meet the conditions suggested by the OECD's labor committee, he said.

In the field of capital movements Korea has already taken a series of steps to liberalize its financial market and plans to do more, the official said.

Senior economic secretary Ku expressed optimism about the results of the meeting of the OECD's Committee of Capital Market and Invisible Trade (CMIT) and Committee of International Investment and Multinational Enterprise (CIME) slated for July 4-5 in Paris.

Ku hoped that the OECD panels will make decisions in favor of Korea. The OECD committees will extensively review the measures Korea has taken for financial market opening and international capital movements.

Ku forecast that Korea will be admitted into the OECD by the end of the year.

ROK: Seoul Subway Union, Management Resolve Dispute

SK2006010696 Seoul YONHAP in English 0032 GMT 20 Jun 96

[FBIS Transcribed Text] Seoul, June 20 (YONHAP) — The union and management of the Seoul Metropolitan Subway Corp. (SMSC) reached a dramatic compromise Thursday [20 June] morning, to avert a strike that was scheduled to begin at 4 AM.

In the last-minute negotiations that continued until after 4 AM, labor leaders and management agreed to reinstate 15 dismissed union leaders, release all temporarily seized union dues, and increase wages 8 percent in terms of gross pay, on condition that the wage structure is improved.

They also agreed that management would withdraw an administrative suit filed in connection with the June 24, 1994 strike, according to SMSC officials.

The resolution of the subway labor dispute is expected to affect similar disputes at other public-sector enterprises including Korea Telecom and the Pusan Transit Authority, which manages subway operations in the port city.

A ray of hope for compromise appeared Wednesday morning when for the first time management expressed a willingness to discuss the reinstatement of dismissed union leaders, releasing union dues and the lawsuit. In response, the union made concessions with regard to the number of dismissed union leaders to be reinstated and its demand for a raise.

The two sides agreed to discuss the reinstatement of the remaining dismissed union leaders and a 5.1 billion-won compensation suit at a later date.

Since April 3, the SMSC trade union and management have held 10 rounds of negotiation on a number of union demands that included a 14.2 percent pay hike.

ROK: Public Sector Strikes Averted; Mando Strike Continues

SK2006083996 Seoul YONHAP in English
0201 GMT 20 Jun 96

[FBIS Transcribed Text] Seoul, June 20 (YONHAP) — Labor disputes at public organizations managed to avert a serious crisis Thursday [20 June], but labor-management conflicts at large private-sector businesses have idled production lines jeopardizing the national economy.

The Seoul Metropolitican Subway Corp. (SMSC) Union and management reached a dramatic compromise Thursday morning, to avert a strike that was scheduled to begin at 4 AM, and Pusan City Transportation Corp.'s labor and management agreed to an 8 percent wage hike.

Korea Telecom, which controls almost all communications facilities in South Korea, also managed to avoid a strike Thursday by almost agreeing to 8 percent wage hike and reinstatement of dismissed workers.

The labor union at the Korea Security Printing and Minting Corp. decided to postpone its strike, originally scheduled for Thursday, to discuss its negotiation strategy.

Private sector labor disputes, however, are reaching the crisis stage.

Workers at Korea's largest automobile parts maker, Mando Machinery Corp., continued their four-day walkout Thursday, shutting down all production lines at Hyundai Motor Co., while two other automakers, Kia Motor Corp. and Asia Motors Co. Inc., failed to reach a labor-management agreement Wednesday. The production lines at Kia and Asia were also idled.

Besides Hyonchongnyon, the federation of trade unions for Hyundai group subsidiaries, declared that its unions will begin a joint struggle against Korea's largest group. Hyundai Business Group is Korea's largest automaker and shipbuilder.

ROK: Labor Unrest, Small Firms' Exports, IPR Office Viewed

SK2006083796 Seoul YONHAP in English
0557 GMT 20 Jun 96

[FBIS Transcribed Excerpt] Seoul, June 20 (YONHAP) — The nation's production loss due to recent labor disputes is nearing 200 billion won (250.62 million U.S. dollars).

The Ministry of Trade, Industry and Energy (MOTIE) said Thursday [20 June] that there were 384 labor disputes reported between Jan. 1 and June 19, compared with 382 cases recorded for the same period last year.

As of Wednesday, MOTIE noted, 11 companies were involved in labor strikes, more than double the five incidents reported a year ago.

As a result, entire industries have suffered an estimated production loss of 194.96 billion won and export losses of 77.44 million dollars, according to MOTIE.

Such losses will continue to increase if and when labor disputes at Kia and Asia motors and shipbuilding companies escalate to full-blown strikes, MOTIE predicted.

The settlement rate of labor disputes among the 5,830 companies nationwide with more than 100 workers was 50.1 percent as of Thursday, MOTIE added.

— In contrast to conglomerates' sluggish export performance, the outbound shipments of small firms have been increasing steadily.

The Korean Federation of Small Businesses (KFSB) said Thursday that small companies had 4.43 billion U.S. dollars in exports for April, up 9.9 percent from the year before, while large companies had 6.26 billion dollars in exports, a mere 2.6 percent.

Small South Korean firms are now responsible for 41.4 percent of all exports, up 0.6 percentage points from 40.8 percent in March, the KFSB said.

The export growth rate of small businesses for the first four months of the year included a 62.5 percent increase for machinery, 43.7 percent for nonmetallic minerals, and a 26.9 percent increase for basic products, the association said.

The source noted, however, that daily necessity exports declined 10.1 percent, steel and metal products 5.8 percent, and textiles 2.8 percent.

By region, small Korean companies enjoyed an 18 percent surge in the Middle East, 11.4 percent in Southeast Asia, 11.3 percent in Europe and 158.5 percent in Africa, but experienced a 7.35 percent decrease in Japan and 1.7 percent in Central and South America, the KFSB said.

— The Korea Industrial Property Office (KIPO) is planning to set up the "Intellectual Property Rights [IPR] Research Center" to cope with international IPR disputes.

KIPO announced Thursday that it will respond systematically to conflicts involving intellectual property rights with foreign nations, and help domestic businesses become more aware of what such rights involve by the first center in South Korea created for the sole purpose of studying intellectual property rights.

KIPO has decided that the research center will help prepare for trade disputes involving the so-called "new intellectual property rights" in the computer and semiconductor fields, a KIPO official explained.

The official said the center will be of particular help to small companies which are often sued by foreign companies due to a lack of information about the intellectual property rights.

KIPO plans to hire approximately 20 domestic specialists, and invite foreign experts after the center opens, according to the official.

Japan and members of the European Union including Germany are currently operating similar centers, he added. [passage omitted]

ROK: Government To Add New Bureau to Information Ministry

SK2006015296 (Internet) The Joong-Ang Ilbo WWW in English 20 Jun 96

[FBIS Transcribed Text] Due to the expanded implementation of a multiple position grade system by the government, 284 Grade-IV government officials and 888 belonging to Grade-V will be promoted in mass to Grade-III and Grade-IV respectively by next year.

The South Korean Government resolved the details in an act on the revision of 35 government ministry positions at a meeting of ministers held Tuesday [18 June]. Vice Prime Minister Kwon O-ki who is also the unification minister presided over the meting.

The government also decided to create an 'Informationization Planning Bureau' at the Ministry of Information and Communication (MIC) as a part of organizational reshuffle of government ministries. In accordance with the organizational expansion, the government will recruit 874 new employees for 11 ministries including 4 Grade-II officials.

ROK: Political Parties Continue To Bicker Over 'Rigged' Election

SK2006085696 Seoul YONHAP in English 0825 GMT 20 Jun 96

[FBIS Transcribed Text] Seoul, June 20 (YONHAP) — Rival political parties continued to wrangle over the "election fraud white paper" published by the opposition and its demands for "political neutrality" of the police and prosecution Thursday [20 June] while contact with floor leaders was suspended.

Both the ruling and opposition parties are so adamant about their positions on pending political issues that they risk having the current 179[th] extraordinary parliamentary session closed automatically on July 4.

The political standoff was touched off when the ruling camp recruited a group of independent lawmakers-elect to secure a congressional majority and subsequently angered the opposition camp. It might continue until the upcoming regular house session opens in the fall.

The ruling New Korea Party won 139 of the 299 seats in the National Assembly in the April general elections, but mustered a majority last month by recruiting 12 opposition and independent lawmakers.

The ruling and opposition floor leaders, however, will reportedly resume contact over the weekend on the eve of reopening the plenary National Assembly session Monday. The upcoming negotiations might thus be crucial to whether the political deadlock will be broken and National Assembly operations normalized.

At a meeting of key officials Monday, the ruling party decided to file libel suits with judicial authorities against opposition leaders in connection with the controversial white paper, which it claims is "false."

"The opposition contention that the general elections were rigged is insulting to the general public," NKP Spokesman Kim Chol said. "The alliance between the two parties with different ideologies, policy lines and supporters is nothing but a momentary collusion for political expediency."

The opposition parties retorted it, with Deputy Spokesman Sol Hun for the National Congress for New Politics saying, "The NKP policy to file suits against those involved in the white paper publication is a shameless act... To file libel suits, denying flagrant election wrongdoing, is a practice devoid of reasoning."

Kim Chong-pil, president of the United Liberal Democrats, called on the ruling camp to change its attitude, saying, "Since it is primarily responsible for the stalemate in the National Assembly, the ruling party must display sincerity through dialogue rather than pushing things through by force as it is used to doing."

ROK: Deputy Premier Na on 'High-Cost, Low Efficiency' Economy

SK2006084696 Seoul YONHAP in English 0443 GMT 20 Jun 96

[FBIS Transcribed Text] Seoul, June 20 (YONHAP) — South Korea's economy will face serious trouble within a few years unless it overcomes its present high-cost, low-efficiency structure, Finance and Economy Minister Na Ung-pae warned Thursday.

In view of its economic scale, South Korea is capable of coping with a deficit of about 10 billion U.S. dollars projected for this year, Na said, but should such a deficit remain unreduced for a long time, however, the nation's economy will face obstacles difficult to surmount.

The concurrent deputy prime minister was addressing a breakfast meeting sponsored by the Korea Human Development Institute at the Lotte Hotel in downtown Seoul.

Cooperation from private enterprise and the public for the government's efforts to improve the nation's economic structure is essential to combat the problem, he added.

The most urgent task in restoring the country's industrial competitiveness, he said, is to break the spiraling of wages that have risen by 15 percent a year since June 29, 1987, democratization declaration. [sentence as received]

"So long as wage increases exceed the growth rate of labor productivity, the country will lag behind others in competitiveness."

High interest rates, land prices and transportation costs as well as high wages undermine the competitiveness of businesses, and the government will continue to strive to improve the situation, Na added.

ROK: MOTIE To Phase Out Import Diversification Policy by 1999

SK2006030396 Seoul THE KOREA HERALD in English 20 Jun 96 p 8

[FBIS Transcribed Text] Korea will phase out the import diversification policy by late 1999, thereby lifting government control over the origin of imports, the Ministry of Trade, Industry and Energy [MOTIE] announced yesterday.

The diversification policy has been Korea's way of offsetting trade deficits with certain individual nations by importing from other countries. The policy originated primarily to curtail trade shortfalls with Japan, Korea's leading trading partner along with the United States.

As the first step, the diversification policy will be scrapped on 10 import items starting in July, said Han Tok-su, MOTIE deputy minister for international trade.

Han told reporters yesterday that the ministry plans to relax the regulation on 25 items every January through 1999 and on additional items every July, depending on the country's trade performance.

The 10 import items to be affected by the July lifting are industrial and consumer goods including camcorders, golf clubs, fluorescent lighting lamps, milling machines, electrical saws and several auto engine and auto interior components.

Even with the change in July, the diversification policy will remain on 153 items, a bulk of which are capital goods.

Han admitted that the change could potentially hurt domestic producers of the affected goods. But he added that the damages are likely to be short-term, and that maintaining the policy would only keep domestic manufacturing sectors from sharpening their competitiveness.

Externally as well, insistence on the diversification policy would go against free trade principles, a ministry spokesman said.

In working out the liberalization schedule, the ministry will first implement the change on sectors deemed relatively competitive by international standards, the spokesman said.

The July liberalization on 10 items is relatively small compared to the 17 goods which were freed in July of last year. Korea's swelling trade deficit in the five months of this year was blamed for the more cautious lifting this year, according to the ministry.

ROK: Government Plans 'Tougher Punishment' for Polluters

SK2006032496 Seoul THE KOREA TIMES in English 20 Jun 96 p 3

[FBIS Transcribed Text] The government plans tougher punishment for people or manufacturing firms caught throwing raw toxic waste water into streams or otherwise polluting the environment.

Following the mass death of fish caused by the massive discharge of toxic wastes into a Han River tributary, Environment Minister Chong Chong-taek held a press briefing, revealing his plan to set up a task force that will come up with stiffer punishment for "environment violators."

"Environment crimes are going unchecked partly because violators are oftelet [as published] off almost scot-free, forced to pay only small fines," Chong observed, adding that he will see to it that the punishment fits the crime.

His spokesman said that regulations will be revised so that jail terms, not fines, await violators, and that the maximum sentence of 7 years behind bars or a 50 million won fine will be used to root out environment crime.

According to statistics compiled by the Supreme Public Prosecutor's Office, only 316 or 6.1 percent of the 5,159 people caught violating environmental codes have been held awaiting trial. About four fifths or 3,956 were not even indicted, but were set free after paying fines.

Even among those who were indicted, the number of those who received jail terms and served them is even fewer. It is believed to be less than 1 percent of the number set free after paying fines.

The Environment Ministry's statistics are further proof that environmental crime has been lightly dealt with.

Of 44,502 people caught polluting the environment from 1993 to 1995, only 1,561 or 3.1 percent were indicted, while 35,910 or over 80 percent were fined and let go.

The ministry believes that environmental crime cannot be stamped out without modifying the fine-oriented punishment structure into one that emphasizes jail terms. The shift in thinking on punishment has gained momentum since the disclosure that factories located along Han River tributaries had collected waste and discharged it when it was raining to mask their crime. Thousands of fish went belly up and were decomposed, severely defiling the water quality of the river that also serves as a source of tap water for hundreds of thousands of residents in Seoul and the surrounding area.

In the first notable step, the ministry is considering modifying codes so as to expand the scope of actions which are determined to be environmental crimes.

According to the ministry, "acts damaging public property and upsetting ecological systems" will be inserted in addition to "acts harming the public health," as definitions of environmental crimes.

ROK: Government To Invest 121.8 Billion Won in Biotechnology

SK2006033196 Seoul THE KOREA TIMES in English 20 Jun 96 p 3

[FBIS Transcribed Text] The government announced yesterday that a total of 146.6 billion won will be invested in bio-technology research. Of this, it will provide 121.8 billion won while the remaining 24.8 billion won will come from the private sector.

The science-technology minister, vice-minister and experts recently set up a deliberation council and finalized an investment plan for the promotion of bio-technology.

The amount pledged by the government this time is a 47 percent increase over last year's 83 billion won. This is almost twice the 25 percent increase in the entire science and technology budget the government granted this year.

Amounts to come from the guaranteed fund include 16.6 billion won for development of new biological materials, 12.5 billion won for genetic engineering of agriculture, 10 billion won for medical technology and 8 billion won to promote national policy for bio-technology.

In order to prevent different research centers and institutes from wasting their resources by conducting the same research work, a monitoring organ will be established within the Science and Technology Policy Institute (STEPI), said a MOST [Ministry of Science & Technology] official.

DPRK-Chosen Soren Joint Ventures Viewed

962C0051A Seoul SINDONG-A in Korean Apr 96 pp 254-271

[Article by Sin Chi-ho, visiting research member, Asia Research Institute, Osaka University of Economics and

Laws, Japan: "Bittersweet Experience with the Partner Outside the Market Economy—10-Year Summation of DPRK-Chosen Soren Joint Ventures"]

[FBIS Translated Text] **Joint ventures between North Korea and Chosen Soren [Chosoren] serve as litmus paper for testing North Korea's compatibility with the market economy. This test still continues. When the test is over, the prospect for the North Korean economy will become clearly discernible.**

Chosoren drew worldwide attention in the 1993-94 period during which suspicions were rife about North Korea's nuclear program. It was speculated that the financial contributions to the tune of $6 million and $10 million poured into North Korea annually from Chosoren might have been funnelled into the nuclear weapons development program. Particularly, pro-Chosoren businessmen were at the center of attention because many of them were suspected of having donated a considerable sum of money to their socialist fatherland from their earnings generated by operating slot machine parlors, barbecued beef restaurants, and other businesses, and because their donations were thought to have played an important part in North Korea's effort to earn foreign exchanges.

As everybody knows, the scale of the North Korean economy, which is small to begin with, has been shrinking since the collapse of socialism. Nevertheless, pro-Chosoren businessmen willy-nilly became personages of considerable influence because they were thought to be contributing to the North Korean national economy.

However, in order for these speculations to be valid, two conditions need be fulfilled: First, pro-Chosoren businessmen are enthusiastic about making invests in and carrying out economic exchanges with North Korea; second, both North Korea and these businessmen profit a great deal from the economic exchanges. Only when these two conditions are met, the aforementioned speculations become valid.

How much of those speculations is true? Marking the 10th anniversary of the enactment of North Korean's Joint Venture Law, the 7 September 1994 editorial of CHOSEN SHINPO, official paper of Chosoren, said: "The joint ventures between our fatherland and Korean businessmen in Japan have made brilliant progress while exploring a path never before walked by anyone." But during an interview, when asked for an overall evaluation of North Korea-Chosoren joint ventures, a pro-Chosoren businessman operating a certain E trading firm in Tokyo made this grim reply: "In a nutshell, the results are miserable." Certain Kim, who is counted among the five most prominent pro-Chosoren businessmen, said tersely; "We had a lot of business with North Korea in the past, but we have none now. We have no plan to resume trade with North Korea."

Are the economic exchanges or joint ventures between North Korea and Chosoren prospering or on the decline? Which is true? What kinds of economic consequences have been brought to North Korea and Chosoren? Are pro-Chosoren businessmen enthusiastic about making investments in and carrying out economic exchanges with North Korea now? What are investment and exchange prospects? What lessons do South Korean businessmen learn from the answers to these questions at this juncture, 8 years after they began trading with North Korea?

DPRK-Chosoren Trade as Part of DPRK-Japan Trade

Japan emerged as North Korea's number two trading partner after China in 1993 and became North Korea's number one trading partner by overtaking China in 1995. Japan has accounted for 20 to 25 percent of North Korea's total foreign trade for the past 10 years. Beginning in the 1980's North Korea-Japan trade was stagnating or declining, but the importance of Japan in North Korea's foreign trade tended to increase instead of decreasing. This seems paradoxical at a glance. However, in this we can read an important change in North Korea's current foreign economic relations.

Apparently, North Korea-Japan trade is slack because of the pending political issues and North Korea's debt payment in arrears. But the collapse of the Soviet-centered trade structure of the communist bloc resulting from the fall of socialism caused a sharp decrease in North Korea's dependence on former bloc countries and a shrinkage in its overall foreign trade. As a result, Japan assumed more weight in North Korea's foreign trade despite the slack or decrease in the volume of trade between the two countries. In addition, North Korea's policy of opening up to the outside world on a limited scope and giving some weight to the capitalist market economy as a means of resolving its economic crisis have added importance to its trade with Japan. In other words, it may be said that North Korea's economic relations with foreign countries are in a period of great transition shifting the weight from the socialist camp to the capitalist camp.

About 80 to 90 percent of North Korea-Japan trade, which carries a considerable weight in North Korea's economic relations with foreign countries, is accounted for by so-called "cho-cho trade," that is, trade between

Chosoren and North Korea, not by trade between Japanese firms and North Korea. Contrary to general speculation, Japanese firms are making a passive, cautious, and conservative approach to trading with North Korea. Accordingly, it is no exaggeration to say that what is generally known as North Korea-Japan trade is in fact North Korea-Chosoren trade. In this connection, it is noteworthy that trade between North Korea and Japanese firms and trade between North Korea and pro-Chosoren enterprises, although the two are lumped together in statistics, should not be treated in the same way because Japanese firms and pro-Chosoren firms take markedly different attitudes and stances toward trade with North Korea, and they use different logics of capital.

The significance of the economic relationship between North Korea and Chosoren described above is great indeed. This relationship has been of great significance in the North Korean economy in the past and will have a great impact on North Korea-Japan trade and inter-Korean trade as well. For one thing, it is clear as day that when North Korea-Chosoren joint ventures are brisk and North Korea-Chosoren trade booms, South Korean and Japanese firms become enthusiastic about making investments in and trading with North Korea; and on the contrary, when North Korea-Chosoren joint ventures are stagnant with the rate of failure remaining high, South Korean and Japanese firms tend to take a negative attitude toward economic exchanges with North Korea.

There are also other aspects to the significance of North Korea-Chosoren joint ventures. Since North Korea enacted the Joint Venture law in 1984, Chosoren has become its partner in almost all of its joint ventures. This is to say that most of the partners North Korea has contacted in the capitalist economy were pro-Chosoren firms. Mirrored in these contacts in the past 10 years are the diverse features of the North Korean economy. In other words, it may be said that the experience in North Korea-Chosoren joint ventures for these 10 years serves as litmus paper for testing whether or not the North Korean economy can coexist with the capitalist market economy.

As you see, North Korea-Chosoren trade and joint ventures loom large in prognosticating the prospects for the future of the North Korean economy. Therefore, accurately analyzing these trade and ventures is an important task which our government can ill afford to neglect in formulating its national unification policy.

From Teahouse to Piano Production

Despite the close ties between North Korea and Chosoren, practical economic exchanges between the two have progressed far more slowly than expected because of the geographical distance between them. When it comes to personnel exchanges which form the foundation of economic exchanges, beginning in 1959, pro-Chosoren Korean residents in Japan were allowed to travel to North Korea as part of the movement to settle down there for good. But the travel was limited to that purpose only. Not until 1965 were pro-Chosoren residents allowed to visit North Korea on a temporary basis.

Under these circumstances, economic exchanges between North Korea and Chosoren were carried out roughly in two categories. One was the form of simple trade, and the other was the form of unilateral donation of so-called "patriotic plants." With the incorporation of Tonghae Sangsa, a general trading firm, as a momentum, the form of trade was in high gear in 1961. Subsequently, a number of companies specializing in trade were established, such as Choson Specialties Company and Haeyang Pharmaceutical Industrial Company. As for "patriotic plants," with the timber processing plant donated by a first-generation Korean resident in Japan in 1967 as a starting point, a number of plants were donated on special occasions, such as Kim Il-song's birthday, the founding anniversary of the DPRK, and the founding anniversary of Chosen Soren. About 70 percent of them are light-industry plans producing consumer goods.

However, it was joint ventures that the relationship between North Korea and Chosoren elevated onto a new plane by going beyond the forms of simple trade and unilateral donation. North Korea enacted and promulgated the Joint Venture Law in September 1984. Since then, pro-Chosoren businessmen have carried out joint ventures with North Korea in diverse business domains ranging from operating teahouses, restaurants, and department stores to running garment, piano, and other factories. The North Korea-Chosoren economic relationship has undergone a change in character for these 10 years or so.

First, in the trade structure the ordinary trade form of selling and buying goods has decreased whereas other forms of exchange, such as equity joint venture, contractual joint venture, and processing on commission [POC], have increased at a fast pace. The import of related raw materials and equipment from Japan and the export of products made with these materials and equipment increased radically. Beginning in 1992, textiles became the leading item in North Korea-Japan trade. This is to say that trade between North Korea and Japan has made a qualitative shift to the form of investment transaction from the simple form of commodity transaction.

That is not all. Personnel exchanges have become more frequent than ever before, providing the outside world with opportunities to know more about the actual condition of the closed North Korean economy aimed at self-reliance. In addition, it may be said that the ability of North Korea to adapt itself to the market economy has been tested through its experience in joint ventures.

40 Percent of Joint Ventures Remain Closed

The greatest problem facing the ROK in understanding the actual state of the joint ventures between North Korea and Chosoren is an absolute lack of pertinent information—information on questions such as: What is the number of the joint ventures contracted thus far?; How many of them were put in operation?; How many joint ventures have gone out of business?; How many are currently in operation? The principal reason for this lack of information may be that North Korea and Chosoren have been withholding information, but the lack of information, on the other hand, is indicative of the limited ability of our government to collect information.

From the materials published by the National Unification Board, the Ministry of Trade and Industry, and other concerned government agencies, it is apparent that our government has a fairly accurate list of North Korea-Chosoren joint ventures. But it lacks accurate information on these questions: Which firms are yet to be put into operation after the contracts to incorporate them were signed?; Which firms were put into operation but liquidated subsequently?; and Which firms remain nearly idle? For an accurate analysis of the North Korea-Chosoren joint ventures, it is essential to ascertain the facts by obtaining pertinent information on those questions. The author will venture to analyze the condition of joint ventures between North Korea and Chosoren on the basis of materials held by Chosoren for internal use.

First, for the factory operating condition as of July 1995, see Table I below.

Table 1. North Korea-Chosoren Joint Ventures in Operation

Venture Type	Number in Operation	Component Ratio	EJV	CJV	POC
Light Industry	38	37.6%	16	11	11
Heavy Industry, Electronic	24	23.8%	12	10	2
Agricultural, Fisheries	19	18.8%	5	14	0
Service Industry	20	19.8%	15	5	0
Total	101	100%	48	40	13

[Note: EJV, CJV, POC are the abbreviations for equity joint venture, contractual joint venture, and processing on commission, respectively.]

As shown by the above table, about 100 firms are currently in operation. However, we must presume that the figure includes those firms which are doing very poorly or which are operating only partially. Accordingly, it is necessary to know the real condition of firms which are actually in operation in a substantive way. A case which may provide a clue to such information will be cited below.

What is tentatively billed as the "exhibition of products by equity joint ventures, contractual joint ventures, and POC ventures with Chongnyon [Korean abbreviation corresponding to Chosoren]" is scheduled to open on 13 April 1996, but is likely to be postponed for some reasons. This exhibition is intended as an event to mark the 10th anniversary of what is known as Kim Il-song's 28 February 1986 "programmatic teaching" on joint ventures. The first exhibition was held in 1991 to mark the fifth anniversary of the "28 February teaching." A total of over 10,000 people, including party leaders, functionaries and workers in the related fields, ordinary citizens, delegates to the official functions in celebration of the April holiday, and visiting groups from abroad, members of foreign missions, and domestic and foreign journalists, are expected to view the exhibition. A "Committee on the 10th Anniversary Commemorative

Event" has been organized for the smooth preparation of the event. A total of 69 firms participated in the 1991 exhibition at a total cost of 48.52 million Japanese yen [Y]. Entries will be made to the 1996 exhibition by 82 firms, and a Y37.5 to Y62.5 million budget has been set up to cover the cost of the exhibition [the amount varies depending on whether or not it includes the cost of building the joint venture center]. The prospective participating firms by sector are: 28 in light industry; 14 in agriculture and fisheries; 21 in heavy and electric appliance industries; and 19 service industry.

The following induction may be possible on the basis of this data: As a matter of course, products by firms with good production records are supposed to be placed on exhibition as far as possible; accordingly, it may assumed that abut 80 of the North Korea-Chosoren joint ventures are in operation. Said an official of the Chosoren Committee for Promotion of Joint Ventures [CCPJV]: "It won't be far off the mark to say that about 140 contracts have been signed thus far, and approximately 100 were put into operation, with about 70 of them currently in operation."

If so, how many of the joint venture firms have been closed down or have turned out to be a failure? There is some material shedding light on that question. It is an internal document drawn up by various related Chosoren departments while preparing for the 13-27 April Pyongyang exhibition of products of Chosoren joint ventures. This document sums up the condition of the joint ventures as of 12 March 1991 as follows:

- Firms that could submit entries (in the form of products or photographs): a total of 75 firms consisting of 41 existing and 34 newly established firms. (Actually, 69 firms placed their products on exhibition.)
- Firms which found it difficult to display their products: a total of 18 firms consisting of one existing and 17 newly established firms.
- Firms that were liquidated or went out of business (and had no products to show): a total of 29 firms consisting of 26 existing and three newly established firms.

It will be correct to assume that what is referred to as existing firms are the ones which were put into operation previously and were turning out products when the report was prepared, and what is referred to as mewly established firms are the ones which were scheduled to be put into operation or which were put into operation shortly and could not show their products yet. In the case of the electric appliance factories, 26 out of the total of 68 were liquidated. In other words, they closed their shops down because they were not profitable. In other words, 38 percent of the firms ended in failure. Of the 54 newly established firms, three went out of business shortly afterward.

There is no accurate data available to indicate how many more firms have gone out of business since March 1991, in addition to the 29 firms mentioned in the aforementioned document. However, a rough estimate of the number of these additional firms can be made if we get the number of the firms which submitted their products to the 1991 exhibition but will not participate in the 1996 exhibition. First, in the light industry sector, 14 of the 24 participating firms in the 1961 exhibition are scheduled to participate in the 1996 exhibition. With regard to the rest of the participating firms in the 1991 exhibition, seven out of 16 in the heavy and electric appliance sectors, five out of the 13 in agricultural and fisheries, and nine out of the 16 in the service sector are scheduled to participate in the 1996 exhibition. In all, 35, or only about one half, of the 69 firms which participated in the 1991 exhibition are scheduled to participate in the 1996 exhibition.

As indicated by these figures, at least 30 joint ventures between North Korea and Chosoren have failed and gone out of business in the past 10 years. The rate of failure is 40 percent. This may be interpreted as signifying that contrary to general speculation, North Korea-Chosoren joint ventures have walked a very rugged road.

If so, what is their current situation? The prevailing view in South Korea is that joint ventures between North Korea and Chosoren have fallen into stagnation due to the high rate of failure. As concrete proof, critics often cite the statistics on Chosoren's investments in North Korea as compiled by the ROK Ministry of Trade, Industry, and Resources. (The number of investments totaled 17 in 1987; 20 in 1988; 19 in 1989; three in 1990; 15 in 1991; 45 in 1992; three in 1993.) However, these figures obtained by our government do not indicate whether they are based on contracts or actual operation. They even include a considerable number of those firms which went out of business, and they are listed in the wrong years at that. With the paucity of factual information, speculation is rife that since Kim Il- song's death, pro-Chosoren businessmen have become confused and an increasingly number of them have bolted Chosoren. These speculations lacking factual support are used as the basis for analyses, treating them as if they were confirmed facts.

What was the actual condition of the joint venture firms in the period from 1993 trough July 1995? According to Chosoren's internal document cited above, in this period nine POC contracts were signed, of which two are scheduled to participate in the 1996 exhibition. In the period from 1993 through July 1995, altogether eight firms were actually in operation. (See Table 2 and 3. below.) In addition, of those firms which were yet to go into operation after the contracts were signed, 12 were scheduled to submit entries to the 1961 exhibition, and hence were expected to go into operation soon. Accordingly, a total of 20 equity joint ventures, contractual joint ventures, and POC firms may be regarded as operational.

Table 2. Ventures in Operation in 1993-95 Period

Date	Company Name	Chosoren Partner
93/2/16	Cheil Trust & Finance Co.	Yi Chong-hwal, West Tokyo
93/6/1	Myongsim CJV Co.	Yi Won-mun, Nagano
93/Oct	Sogwan EJV Co.	So Ki-ryon, Chiba
93/10/20	Kumgang EJV Generator Co.	Daiei Machinery, Tokyo
1993	Kukche Trading Co.	Choe Tong-myong, Kanagawa
1993	Mujigae CJV Co.	Chiba
93/4/2	Mangyongdae EJV Plastic Co.	Yang Sok-ha, Tokyo
1994	Meari CJV Co.	Kim Kyu-sang, Okayama

[Note: For the extensions of EJV, CJV, and POC, see the note to Table 1.]

Table 3. Joint & Contractual Joint Venture Contracts Signed in 1993-95 Period

Date	Company Name	Chosoren Partner
93/2/22	Myongsin EJV Co.	Pak Kil-pong, Kyoto
93/4/5	Kumjingang CJV Co.	TYS, Niigata
93/4/23	Unhasu CJV Technology Co.	Kang Sok-hwan, Osaka
93/4/25	Pyongo EJV Co.	Chae Haeng-ung, Osaka
93/5/3	Yowon CJV Co.	Choe Kwang-nam, Aichi
93/5/28	Myongsim CJV Co.	Yi Won-mun, Nagano
93/7/30	Kukche Trading Co.	Choe Tong-myong, Nagawa
93/10/8	Nosan CJV Co.	Nosankopo, Tokyo
93/10/27	Haesong CJV Co.	Cho Kyu-song, Yamaguchi
93/10/29	Chisong Yongmae EJV Co.	Yi Won-mun, Nagano
93/10/29	Chisong Pungsyon CJV Co.	Yi Won-mun, Nagano
94/1/28	Mansudae Saga CJV Co.	Taiwan Saga, Taiwan
94/5/27	Songhung CJV Co.	Taihei, Tokyo
94/6/4	Myongsin CJV Co.	Chang Yong-su, Ibaraki
94/6/27	CJV Fishery Processing Co.	Kim Chu-ayon, Yamaguchi
94/7/6	Koryo CJV Paint Co.	Daiei Chemical, Tokyo

94/7/31	Hangmaran CJV Co.	Kim Tong-ku, Kanagawa
94/8/3	Sama CJV Co.	Kim Ki-man, Aichi
94/8/17	Choson CJV Electronic Technology Co.	Chong Kyong- mo, Tokyo
94/9/15	Ongnyu CJV Co.	Hwang Chong-su, Tokyo
94/10/21	Koryo Sindok CJV Co.	Kim Chu-nyon, Yamguchi
date unknown	Pyongyang EJV Plastic Co.	Pak Song-chae, Tokyo
95/1/23	Tonghae CJV Fishery Products Co.	Cho Kyu-song, Yamaguchi

[Note: For the extensions of EJV, CJV, POC, see note to Table 1.]

The results in this period were not particularly great compared with other years. Nevertheless the figure 20 is not small at all. Considering the fact that the normal business activities of the pro- Chosoren firms in Japan were hampered in the 1993-1994 period because of the suspected North Korean nuclear weapon development program, that figure is of great significance.

In fact, pro-Chosoren businessmen in Japan had to suffer from all kinds of disadvantages at the hands of Japanese firms when the suspicions concerning North Korea's nuclear program were at their height. In some cases, they had their bank loan approvals canceled all of a sudden; and in other cases even when they wanted to export an item like a fluorescent lamp, they were forced to explain where they were going to be used and for what purpose. To makes matters worse, North Korea was reluctant to issue entry visas even to pro-Chosoren businessmen in this period. The fact that joint venture projects continued steadily even under these adverse conditions signifies that pro-Chosoren businessmen refused to abandon their joint ventures with their fatherland so easily despite the great investment risks.

What on earth does all this mean? What do joint ventures between North Korea and pro-Chosoren businessmen mean to pro-Chosoren Koreans in Japan? What kinds of hopes and frustrations have they had in the past 10 years? What is agonizing them now? What do all these symptoms suggest with regard to North-South economic exchanges?

Properly to understand North Korea-Chosoren joint ventures, one needs to have, as a preliminary requirement, a basic understanding of the history of the Korean community in Japan, particularly the background against which Chosoren was organized and the path it has traversed since its inception. Above everything else, it is essential to understand the sentiment of pro-Chosoren Koreans which was molded and expressed as they treaded that path.

When Japan was defeated in 1945, there were about over 2 million Koreans in Japan. Most of them had forcibly been sent to Japan from Korea by conscription or labor draft. Of these, 600,000 or more settled down in Japan, unable to return to their homeland for various reasons, and they are the first-generation Korean residents in Japan. They have had to muddle through the bitters of life, constantly subjected to all kinds of oppression and discrimination at the hands of the Japanese. The Korean residents have suffered in Japan as they had before while in Korea under Japanese colonialism. That is why they have a stronger national sentiment than any other Korean compatriots abroad.

Under these circumstances, the Koreans in japan also have suffered from the pains caused by the division between the Chosoren and the pro-Seoul Federation of Korean Residents in Japan [Mindan] while their folks back home have suffered from the division of Korea. In connection with this background, the author has an interesting question to ask, Which side has a stronger national sentiment, the pro-Chosoren Koreans or the pro-Mindan Koreans? It goes without saying that the answer is, The pro- Chosoren Koreans. To cite a typical example, second- and third- generation pro-Chosoren Koreans, who account for the majority of the pro-Chosoren community, know how to speak Korean, although they may speak in broken Korean. On the contrary, very few young Mindan- affiliated Koreans can speak Korean. Chosoren operates approximately 150 Korean schools, including colleges, whereas Mindan operates only five Korean schools, most of whose students are not the children of Korean residents in Japan, but the children of resident officials dispatched from Korea. It is quite natural that there is a difference between the two groups in the ability to speak Korean.

The pro-Chosoren Koreans are ahead not only in language but also in the outlook on the fatherland and patriotism. They regard themselves more as overseas Korean citizens than as an ethnic minority in Japan. They have little interest in the long-standing issue of granting suffrage to foreign settlers in Japan. They are more interested in how to promote the economic development of their fatherland, how to achieve national unification, and what role to play in achieving these goals.

Making Money, Only Concern

For these pro-Chosoren Koreans, joint ventures with their homeland are sufficient to give them new hopes. It may be said that Chosoren businessmen had two motives behind their decision to enter into joint ventures with North Korea, although the individual motivations may differ. First, the gratifying thought that they would be able to contribute to the economic development of their homeland. Second, the expectation that they would be able to boost their business through joint ventures with their homeland than when they operate only in Japan, where there are various discriminations and disadvantages. As far as pro-Chosoren businessmen were concerned, joint ventures were viewed as something that could serve the dual purpose of being patriotic to their homeland and making money at the same time. At any rate, joint ventures started amid hopes and excitement.

However, the joint ventures with the homeland turned out to be something other than a sweet love affair. When it comes to the market economy, their socialist homeland was so much of a rank outsider that it was incapable of serving their double purpose of making money and doing something patriotic. Through joint ventures, pro-Chosoren businessmen experienced something entirely different from what they had experienced before when they carried simple trade or made the donation of so-called patriotic factories. The new experience was inconceivable in capitalist society.

On 26 December 1993 the Japanese TBS television station broadcast a documentary, titled "North Korea, a Mysterious Country Shaken by the Nuclear Issue," which rocked the Korean community in Japan. The documentary presented the following story: A dozen typical pro- Chosoren businessmen including Chon Chin-sik jointly invested in a down factory. One day North Korea suddenly sold duck feathers to Hong Kong and Macao without consulting these partners. The reason was that the sales could generate a greater profit. Originally, the feathers sold were supposed to be at the disposal of the Chosoren investors. Angered by this deal, the Chosoren businessmen brought the matter up at fourth board meeting of the Korea International Joint Venture Company [KIJVC] (an organization established jointly by North Korea and Chosoren) in 1989.

[On the TV cut], (sitting at one side of the table are the North Korean delegates including then DPRK Vice Premier Kim Tal-hyon, and sitting at the other side are the delegates of the Chosoren, including the brothers Chon Yon-sik and Chon Chin-sik.)

Kim Tal-Hyon: Now we have our trade missions in more than 80 countries. Various kinds of information flow in from these sources. France also wants to buy duck feathers.

Chon Chin-sik: What is your basic concept of the word contract? Did you promise to sell the products to someone else in violation of the contracts with us?

Kim Tal-hyon: What matters is the price, not the contract.

Chon Chin-sik: (With a dumbfounded expression) You said the price, didn't you?

Ki Tal-hyon: Yes. We want to sell things to someone who offers a higher price.

Chon Chin-sik: Can you say the same thing about suits? Do you mean to say that you don't bother about the prior contracts and will sell things to someone else as you like? You said you have already sold to Macao, didn't you? If you think Macao will buy our products all the time, why don't you go ahead and sell them all, leaving nothing. What in the world are you waiting for? [End of the conversation]

As is well known, Kim Tal-hyon is the leader of the North Korean faction advocating opening to the outside world. This same Kim Tal- hyon made such absurd remarks as he did. Earlier Kim Il-song had given a teaching stressing that credibility is all important. Yet, the protagonist in the advocacy of openness who should take the lead in maintaining the country's credibility and introducing foreign capital was himself violating the "great leader's teaching so brazenly that even pro-Chosoren businessmen were flabbergasted.

As you see, the way North Korea manages its economy is considerably different from what the outsiders think it to be. In the October 1994 issue of the Japanese monthly SEKAI, Chon Chin-sik made the following revelation:

"The Joint Venture Law recognizes the managerial, personnel management, and property rights of the foreign partners in joint ventures and provides that the board of directors is the highest decision-making body. As far as the legal provisions are concerned, North Korea has the world's first class joint venture law. If the law is implemented to the letter, certainly joint ventures will succeed. But that is not the case."

Thus North Korea's attitude toward joint ventures was not one of valuing and accepting the principles of the market economy. In the absence of a basic concept of joint ventures, North Korea approached joint ventures with the idea of so-called "our way of doing joint ventures"—the idea that what mattered most was making money. As a consequence, pro-Chosoren businessmen had to suffer from what might be called the "new look" of their homeland which they had never seen before. The joint ventures which started off amid great hopes and excitement caused the pains of frustration to them.

But, reportedly, North Korea has not yet done away with this kind of irrational way of doing business. The CCPJV demanded time and time again that North Korea rectify its aberrant practices. Each time North Korea replied that they would correct them, but in reality, it behaved the same way. Thus joint ventures are yet to produce the hoped for results.

KIJVC, organized jointly by North Korea and Chosoren businessmen as mentioned earlier, is the highest decision-making body in overall control of joint ventures. Discussed at its annual board meetings are such important issues raised and demands made by the Chosoren side for corrective actions as were cited above.

Lag in Raw Material Supply, Visa Issuance

Below we will examine mainly the kinds of trouble joint ventures have experienced. The CCPJV's third standing committee meeting convened in December 1994 took up the following types of problems for discussion:

Type 1. Hampered raw material supply: % — When cocoon prices rose on the world market, X EJV company had a great operational difficulty due to a shortage of cocoon supply because the North Korean partner gave priority to exporting the cocoons overseas to take advantage of the price hike. % — When the cocoon prices dropped on the world market, the North Korean partner charged higher prices on the cocoons supplied to the joint venture company than the overseas market prices, thereby depressing the company's profitability. %Type 2. Encroachment upon joint venture firms by state-operated companies: % — When X CJV company had a bright business prospect owing to the development of fine graphite extraction technology and the investment made in equipment, the North Korean authorities set up Korea Graphite Company, a state-run controlling firm, thereby causing confusion to the operation of the joint venture business. %Type 3. Own Interest Above Venture's Interest: % — In the case of X EJV packing materials company, despite the agreed upon production plans, the North Korean partner gave priority to filling those particular orders which it found more lucrative for its own interest, and did not make the necessary payments to the Chosoren partner on time into the bargain % — The North Korean partner did not deliver the cheap raw materials obtained from Russia to the joint venture as promised; and when it did deliver and products were made using the materials supplied under a POC contract, it did not make a prompt payment for the products. % — When the joint venture company received an order for distilled spirits from China, the North Korean partner mortgaged the company assets to the Korea Joint Venture Bank without the consent of the Chosoren partner in order to obtain a loan to pay the price of corn used as raw material. However, when the company failed to pay back the loan, the bank foreclosed the mortgage and took possession of its fund ($75,000). %Type 4. Personnel management in violation of law and contract: % — In the case of X EJV packing material company, the president and vice president were dismissed in the absence of any particular fault, in order to deprive the Chosoren partner of its voice. %Type 5. Ridiculously high commission: % — In the case of X CJV garment company, the North Korean partner demanded such a high commission for the products made with materials supplied by its Chosoren partner that the latter could hardly compete in the world market. %Type 6. Refusal to introduce recommended technology: % — In the case of X EJV graphite company, the North Korean partner refused to introduce concentration and dewatering technologies recommended by the Chosoren partner. % — In the case of X EJV kumsan [phonetic—?auric acid] company, the North Korean partner at first rejected the Chosoren partner's proposal for introducing chotagi [phonetic], but only when it later on tested the machine and found it satisfactory did it adopt the recommendation. %Type 7. Delay in visa issues, other inconvenience: % — Chosoren investors and technical experts should be able to enter North Korea whenever necessary for the smooth operation of joint ventures. However, they could not travel as scheduled because visas were not issued on time.

Reportedly, North Korea was informed of all these problems discussed at the CCPJV standing committee meeting. But it is an unknown quantity how seriously North Korea will realize the critical nature of these problems and make efforts to rectify them. One thing is clear, though, that is, that unless these aberrations are set right, Chosoren businessmen will gradually lose interest in joint ventures.

Shift in Motivation From Nationalism to Capitalism

Certain Mr. B, a third-generation Korean businessman operating A trading company in Tokyo, was pessimistic when he spoke of the prospects for joint ventures between North Korea and Chosoren.

Said he: "As long as the one-track minded North Korean bureaucrats and Chosoren leaders who are only concerned for their positions wield power, it is impossible for North Korea-Chosoren joint ventures to make desirable progress. There will be nothing but fattening of the certain privileged class at the expense of pro-Chosoren businessmen."

Mr. B, a pro-Chosoren Korean resident who took the traditional Chosoren-run educational course from the elementary school to the university, has once worked for a DPRK-Japan export company. He said:

"First-generation Korean residents in Japan embarked upon joint ventures with North Korea because they longed for home so much. However, when it comes to second- and third-generation Koreans, the situation is different. They do not want to do anything disadvantageous to them for the good of North Korea except when they are compelled to do so for the sake of their relatives back home. After experiencing bitterness, now they want to do only the kinds of business which they are sure will be profitable."

How valid is Mr. B's diagnosis? Is the motivation behind pro-Chosoren businessmen's doing joint ventures with North Korea really shifting from patriotism to capitalism as he claims? In this claim we see some valid ground which cannot be ignored outright.

According to reports, these days more and more Chosoren businessmen are complaining that North Korean are selling goods to South Korean instead of Chosoren businessmen when they think it more profitable to sell them to the South Korean buyers. If the articles were sold to Chosoren businessmen, the seller would likely to receive no payment for the sales as the buyer would offset the purchases for the outstanding accounts receivable from the previous transactions. That is why, reports say, foreign exchange-strapped North Korea sells profitable goods not to Chosoren firms, but to South Korea, which is more interested in North Korean products, through a third country. Concrete proof of such complaint is hard to come by. But if it is true, it means that the motive behind economic exchanges between North Korea and Chosoren businessmen has already shifted from nationalism to capitalism.

There is another similar example. With the visit to North Korea by Shin Kanemaru, a doyen of the Japanese political world, in September in 1990 as a momentum, the question of normalizing DPRK-Japan relations became the subject of lively discussion. In those days the subjects of discussion were not limited to the question of establishing diplomatic relations but extended to the question of economic exchanges and the way of providing economic assistance. Buoyed by this atmosphere, North Korea began to show an attitude different from that in the past. Then North Korean Vice Premier Kim Tal-hyon made the following remark in a Japanese television interview:

"Until now the DPRK-Japan relations have not been DPRK-Japan relations in the true sense of the words, but relations between DPRK and Koreans in Japan, that is, DPRK-Chosoren relations. But it is our desire now to establish genuine DPRK-Japan relations. Speaking of joint ventures, we want DPRK-Japan joint ventures more than DPRK-Chosoren joint ventures."

Viewing this interview, how did pro-Chosoren Koreans feel? These Koreans are the people who have held fast to their national identity, burning with a desire to serve for their homeland, while enduring all kinds of discrimination and humiliation in Japan.

Nowadays it is hard to find in North Korea-Chosoren joint ventures any traces of the same patriotic fervor and love for the brethren that were evident at the early stage. True, there have been considerable changes up until now. But beneath the economic relations between North Korea and Chosoren, there is some undertone that cannot be easily stereotyped.

Food for Koreans in Japan'

DPRK-Chosoren join ventures have something more than negative aspects. There have been some good results also. In particular, POC ventures operated so far have fully proved the feasibility of this form of business, and its usefulness has come to be widely recognized.

As is the case with POC suit manufacture, as represented by Moranbong EJV Company, North Korea is now catching up with China in suit production after overtaking South Korea. The North Korean-made suits are relatively well received on the Japanese market. In the case of pianos, the price of the average North Korean-made piano is $500 higher on the German market than an equivalent South Korean-made piano. This may be attributed partly to the business know-how of the Chosoren entrepreneurs who attach importance to the efficiency of using a low- cost labor force with a higher educational standard and a good productive quality.

These joint ventures have succeeded by overcoming the kinds of numerous obstacles as described earlier which would have never been encountered in the market economy. This success at once inspires hopes for the

North Korean economy and proves the worthiness of joint ventures. POC operations are on a steadily expanding trend, now extending to electronic products. If the effort to establish market economy-based practices bears some good results in POC ventures, this area of business will become the largest domain not only in overall North Korea-Chosoren joint ventures but also in North Korea's economic relations with other countries.

This diagnosis and prospect is not offered by the optimists alone. Chon Chin-sik, who candidly pointed out various problems encountered in joint ventures between North Korea anc Chosoren, shares the same view. He said: "North Korea is the treasure house of business opportunities." This is to say that Chosoren businessmen find joint ventures with North Korea too attractive to give them up.

The economic attraction is not the only reason pro-Chosoren businessmen are holding on to joint ventures with North Korea. There are many other reasons based on their peculiar circumstances associated with their being Koreans living in Japan. Chon Chin-sik said that joint ventures with the fatherland is "food for Koreans in Japan." In view of the importance of this statement, the portion of his conversation with Tokyo University Professor Haruki Wada which relates to this subject will be quoted below:

Chon: "You know what I have been thinking these days? Under the circumstances when our country remains divided between North and South, it is meaningless to assert that I belong to the North. North Korea, to be sure, will be mad at me because it thinks I, who used to regard the North as my fatherland, have betrayed it. But I have not. What I mean to say is that primary attention should be paid to the fact that we live in Japan.

"In fact, when I published my book 'Our Korea, My Japan,' in which I said that the Koreans in Japan are the ones who will not and can not go back, Chosoren criticized me, asking, Is he one of those for whom residence in Japan counts the most?

"But it was for the purpose of surviving as Korean residents in Japan that we applied for permanent residenceship [in Japan] and embarked upon joint ventures with North Korea. I like to go into some details on this matter. Not until 28 February 1986 did North Korea ask Korean businessmen in Japan to do joint ventures with it. This request was an indication that North Korea intended to accept the capitalist way of doing business on the socialist soil. Its purpose, said North Korea, was to have Korean businessmen in Japan contribute to the development of their fatherland and strengthen their own position in Japan. But my brother (Chon Yon-sik), who headed the Chosoren delegation at that time, expressed a completely new opinion, to which North Korea agreed.

"As you know, my brother was president of the Federation of Korean Businessmen in Japan, vice chairman of Chosoren, and a deputy to the DPRK Supreme People's Assembly. He was greatly moved by President Kim Il-song's teaching at that time and told him that he would like to add one important point. The point my brother made was that joint ventures were important in making all Koreans in Japan, not only the first generation but also the second and third generations and beyond, always mindful of their fatherland maintain and making them cherish their ties with it. You know one's patriotic consciousness tends to fade away if one just learns patriotism from the books. But it is a different story when one has part of his foundation of living in the fatherland. Naturally, joint ventures will be accompanied by exchanges of visits and some other related exchanges.

"Our children and grand children were born in Japan, and they are trying hard to widen the scope of their living. Some of them may fall in love with Pyongyang women. Above everything, the fact of doing joint ventures will provide mental nourishment for them so that they may live in Japan with a proud sense of identity. But in the event joint ventures should end in failure, their interest in the fatherland might tend to fade, no matter how strong their concerns about their fatherland may be now. Apart from any such failure, already their interest in the fatherland is tending to fade fast.

"Will the fatherland forsake the Koreans in Japan, or will the Koreans in Japan alienate themselves from the fatherland? In my view, nothing is more important than success or failure of joint ventures in determining the answers to this question. I could have been more brief, but I was so much conscious of your being a Japanese that my explanation has turned out to be rather too long."

Wada: "Not at all. In my opinion, you have touched upon very important matters which it would otherwise be very difficult for us to understand. I have come to comprehend the meaning of the joint ventures in which you and other Korean businessmen are engaged."

Chon: "I have been discussing various problems concerning joint ventures. Our basic purpose is to play the role of a pilot in preparation for the time when our joint ventures with the DPRK will move into high gear. Joint ventures are not progressing satisfactorily now, but the experience in the past 10 years have brought a great deal of benefits to both sides.

"Seeing the course that joint ventures have taken so far, many Korean businessmen say, Sorry, but I want to give up because even the Sakura Group (the business group run by Chon Chin-sik) is having a hard time. They say that when it comes to making money, their business in Japan is sufficient. But they would not say they will quit if they think of the other aspects of joint ventures which means more than money."

Our One-Track Minded Economic Functionaries'

A quiet but significant change occurred in Kim Il-song University in 1995. The university organized a special lecture program on the capitalist economic system for its Economic Department to train North Korean personnel to be dispatched to the Najin-Sonbong free economic and trade zone. Under this program, the university invited professors of Chosen University and other concerned Chosoren officials to give special lectures. The lectures were attended by more than 100 students and faculty members of Kim Il-song University's various departments, such as the Department of Economics, the Department of International Economics, and the Department of Public Finance, including international finance majors. The subjects covered business practices involved in trade, business types, finance and banking theories, and so forth. What was noteworthy was the fact that the lecturers dwelt on the actual workings of not only the U.S. and Japanese economies but also the South Korean economy without distortion.

Needless to say, the level of the lectures was not so high. An examination of the transcribed lectures indicates that they were at about the same level as the business courses provided for South Korean high school students. But as the saying goes a good start is half the battle, and this was a great change that cannot be taken lightly in view of the fact that the North Korean economy is a planned economy based on self-reliance. What is more, surprisingly, all of those who attended the lectures were very serious.

There is another story that is worth listening. During the 10 October 1995 banquet marking the 50th founding anniversary of the Workers Party of Korea [WPK], Kim Chong-il stressed to the Chosoren delegation: "The minds of economic functionaries of our republic are too intractable to understand what credit means. Chongnyon should teach them a lot on this matter."

From this remark of Kim Chong-il's, one may assume that despite Kim Il- song's emphasis on the importance of credibility, North Korean economic functionaries hardly lived up to the trust put in them in the past, and most probably will behave in the same way under Kim Chong-il. However, some change is expected of the method of approach to the question of credibility, although the pace and scope of change may differ, partly because the highest person in power has accurately grasped the nature of the problem, and partly because the current situation is critical unlike the days when Kim Il-song emphasized his credibility-comes-first idea somewhat as a matter of formality.

These days North Korea is making efforts in its own way to study the market economy. It is trying hard as never before because basically, the results of the joint ventures have not been satisfactory despite the Joint Venture Law was enactment and put into effect in 1984, and because despite the 1991 decision to establish the Najin-Sonbong free economic and trade zone to supplement the Joint Venture Law, investments were so scanty that the schedule for the establishment of the zone had to be postponed.

At a Tokyo lecture meeting on 26 October 1995, Kim Su-yong, chair of the Department of Economics at Kim Il-song University, went so far as to say that it is better to understand the Najin-Sonbong free economic and trade zone to be a "mini state." He was the first North Korean scholar to refer to the concept of an economic development model, thus indicating that North Korea can have many possibilities.

North Korea's efforts to get acquainted with the market economy are expected to gain momentum as its relations with foreign countries becomes stabile and when Kim Chong-il officially assumes his [presidential] post some time this year. Joint ventures between North Korea and Chosoren will become revitalized as North Korea steps up such efforts.

Litmus Paper Testing Introduction of Capitalism

Trade between North Korea and Chosoren accounts for 80 to 90 percent of $500 trade between North Korea and Japan. This leaves only $50 to $100 million for the net amount of trade between North Korea and Japanese firms. One would immediately say that this state of affairs is not normal, considering the scale of the Japanese economy and Japan's geographical propinquity to North Korea. Needless to say, there are two causes of this anomaly, political and economic, namely, that no diplomatic relationship exists between the two countries and that North Korea is yet to pay back its debts. Because the problem of the payment of debts in arrears can hardly be resolved before normalization, DPRK- Japan economic relations are expected to be eventually put on the right track through the establishment of diplomatic relations.

It is hard to predict how long it will be before diplomatic relations are established, but it will take at least another 2 or 3 years. When diplomatic relations are established, the economic relationship between the two countries will assume an entirely new look. The pace of change may be a problem, but it is self-evident that there will be a boom in Japan's investments in and trade with North Korea. As a result, net trade between North Korea and Japanese firms, without counting trade between North Korea and Chosoren, will quickly catch up with trade between North Korea and Chosoren in terms of the volume and content. Soon or later the weight of North Korea-Chosoren trade in North Korea- Japan trade will gradually diminish and the ratio will be reversed. In that event, what will happen to North Korea-Chosoren trade and joint ventures?

There are a number of possibilities. One of them is that Japanese capital and Chosoren capital will have the specialized fields of their own and they will not come in conflict with each other. Another possibility is that on the contrary, the two will compete with each other in the same fields. In this event, pro-Chosoren enterprises will have no particular weapon, other than their ethnic identity, with which to compete with gigantic Japanese capital face to face. That may be the reason why most of Korean entrepreneurs in Japan have been operating slot machine parlors and barbecue restaurants.

In anticipation of this eventuality, some pro-chosoren businessmen are preparing themselves in earnest. In most cases, they have not enjoyed good results in their joint ventures or trade with North Korea. They don't have sufficient capital, and the scope of their business is limited, but they cannot give up their business with the North. When diplomatic relations are established, a lot of funds and goods will go back and forth between the two countries. These entrepreneurs want to play a role of their own, the role of linking their know-how and personnel ties established through their business with North Korea in the past to the capital of Japanese firms which are not familiar with North Korea. In other words, one possibility is that they will align themselves vertically with Japanese firms and play the role of a sentinel for the Japanese firms in doing business with North Korea. Another possibility is that they will play the role of a connector working as a go-between for North Korean and Japanese enterprises. But these options will be possible only after diplomatic relations are established. That is why some pro-Chosoren businessmen are looking forward to the establishment of diplomatic relations.

Thus when the diplomatic relationship is established between the DPRK and Japan, diverse forms of relationship will develop between Japanese and pro-Chosoren enterprises, such as specialization, affiliation, and rivalry.

Pro-Chosoren Koreans call joint ventures "second homecoming." The first home coming was the return home of about 100,000 Koreans to North under the repatriation program which began in October 1959. They contend that doing joint ventures with North Korea is tantamount to a second homecoming because they invest in their fatherland the money they have made by the sweat of their brow in Japan, even though they don't physically return to North Korea to settle down for good. North Korea needs to understand this clearly: Who will trust the country which loses credibility with even these pro-Chosoren businessmen? And who will dare to jump into the kind of business in which even these businessmen have failed? Even when a flood of Japanese capital flows into North Korea once diplomatic relations are established, North Korea should not ignore pro-Chosoren enterprises because by ignoring them North Korea would end up digging its own grave. In opening up North Korea to the outside world, Chosoren will play a role similar to the one the overseas Chinese business community played in opening up China to the outside world.

For this reason, joint ventures between North Korea and Chosoren businessmen serve as a litmus paper for testing the ability of North Korea to coexist with the market economy. This test is yet to be finished. When the test is finished, the prospects for the North Korean economy will become clear depending on the color of this test paper. In this testing course, North Korea should keep this in mind: Don't disappoint Chosoren any more!

It is 8 years since inter-Korean exchanges began. This time span is short compared with the 50 years that have passed since the Country was divided. In this short period North-South exchanges have moved on the road of steady expansion despite the turns and twists. But there remain so many hurdles that need be surmounted. What lessons will the 40 years of North Korea-Chosoren trade and the 10 years of North-Korea join ventures offer in traveling on the road ahead. What will South Korea learn from their experience? and what should it do on the basis of these lessons?

Cheers of Korean Businessmen in Japan

First, South Korea should comprehend the importance of trade between North Korea and Chosoren and try to grasp the actual condition of this trade. North Korea-Chosoren trade relations have so many implications. Probably, they may have already shown what South Korea is expected to go through in its economic relations with North Korea. But despite its significance, South Korea's understanding of the importance of the North Korea-Chosoren economic relationship is very scanty. It even lacks a basic grasp of factual information. South Korea should begin by rectifying this kind of climate.

Second, South Korea should do away with the Cold-War mentality in its approach to the North Korea-Chosoren relationship as soon as possible. It should correct as soon as possible the old habit which became a second nature during the Cold War, namely, the habit of creating a warlike atmosphere by overexagerating one aspect of North Korea- Chosoren trade and slandering it as trade held in hostage, or by making the false accusation that the funds for joint ventures are being diverted to nuclear development.

A more fundamental thing for South Korea to do is that it should not treat Chosoren merely as a target of political maneuvering any more. True, Chosoren has become weaker than before and is swaying at its foundation. But this is not the outcome of the political manipulations by the South but it has resulted from Chosoren's inability to keep up with the times. South Korea should keep in mind that Mindan will not necessarily become stronger when Chosoren weakens.

The termination of the Cold War bespeaks of the weakening of the two poles. Rapidly increasing among the Koreans in Japan these days is the number of those who dislike both Chosoren and Mindan and who neither trust the North nor feel a particular attachment to the South. This is neither an ideological problem nor a problem concerning the social system, but the problem of national identity. The ROK government and the South Korean press need to understand this change correctly as it is.

In addition, South Korea should clearly understand that pro-Chosoren Koreans have come to change their perception of South Korea not because of its political maneuvering, but because of the progress in democracy accompanying the economic development in the South. (Recently, quite many pro-Chosoren Koreans were astonished so much at the arrest of former Presidents Chon Tu-hwan and No Tae-u that they began to radically reevaluate South Korea's democracy.)

South Korea should view North Korea-Chosoren joint ventures from the broad standpoint of building the national economy jointly with the North. Pro-Chosoren businessmen have an expert knowledge of the North Korean economy accumulated through their experience in the North whereas South Korean firms have a wealth of capital and technology. Why can these two elements not be put together? Why is the number of Koreans in Japan looking forward to the normalization of DPRK-Japan relations increasing? The answer is, It is because South Korea has not yet embraced them. If the ROK Government allows pro-Chosoren Koreans in Japan to visit South Korea freely, and if South Korean firms proposes that pro-Chosoren companies join them in investing in North Korea, the North Korean authorities and the Chosoren leadership may be perplexed, but the Korean resident and the Korean business community in Japan will hail it.

Burma

Burma: Foreign Minister Returns From Laos, Malaysia

BK2006033396 Rangoon TV Myanmar Network in Burmese 1330 GMT 19 Jun 96

[FBIS Translated Text] Foreign Minister U Ohn Gyaw returned to Yangon [Rangoon] by air this afternoon after attending the second Myanmar [Burma]-Lao Joint Commission meeting in Vientiane on 14-15 June 1996 and the ASEAN Mekong Basin Development Cooperation meeting in Kuala Lumpur on 17-18 June.

The Burmese and Laotian foreign ministers signed a bilateral agreement at the end of second Myanmar-Lao Joint Commission meeting. Foreign Minister U Ohn Gyaw paid a courtesy call on Laotian President Mr. Nouhak Phoumsavan at the Presidential Palace on 14 June.

While in Malaysia, U Ohn Gyaw met with his Malaysian counterpart Datuk Abdullah Ahmad Badawi; Mr. Amnuai Wirawan, the Thai deputy prime minister and foreign minister; and Indonesian Foreign Minister Mr. Ali Alatas and held talks on promoting bilateral relations and ASEAN matters. He also met and held talks with (ASEAN meeting chairman Mr. Arjit Singh).

Burma: Pro-Government Rally Held in Sagaing 6 Jun

BK2006083196 Rangoon TV Myanmar Network in Burmese 1330 GMT 19 Jun 96

[FBIS Summary] A mass rally attended by 58,000 people was held at the Divisional Sports Ground in Sagaing on 6 June "to express support for national endeavors and to denounce destructive elements."

Addressing the rally, U Maung Maung Thaw, a retired school teacher and presiding chairman, said: "We need to be resolute today." He added that the time has come "to oppose steadfastly and annihilate those who undermine national stability and the race- destroying traitors who do not preserve their own race." He then explained what differentiates destructive and constructive work. He cited the reclamation of 700,000 acres of agricultural land, the construction of three reservoirs, the implementation of a greenery project in nine districts, and the opening and expansion of schools and hospitals as constructive work carried out by the State Law and Order Restoration Council since it came to power in 1988. He recalled the destruction of 20 million kyat worth of state property during the 1988 disturbances in Sagaing Division.

He said: "A group of power-crazed people are currently engaged in activities aimed at bringing about similar destruction to the country and suffering to the people." He added: "Using democracy as a pretext, this group is stuffing its pockets with dollars, speaking sweet words, and selling the country in order to secure power for itself." He continued: "They are being encouraged from abroad by their foreign masters." He then asked the crowd whether they would tolerate this and the crowd replied that they would not. He said: "We must criticize and ostracize this group of destructive elements. The subversive elements must be regarded as our enemy. Those undermining national stability must be viewed as our enemy. The minions of foreign powers must be viewed as our enemy." He concluded by saying: "You and I must resolutely annihilate and crush the external destructive elements interfering in our internal affairs."

U Kyin Nyunt, a high school teacher, recalled the "anarchic conditions" during the 1988 disturbances and praised the material and economic progress in urban and rural areas. He said: "Neo- imperialists are interfering in the internal affairs of Myanmar [Burma] while traitors inside the country are trying to blackmail the government by relying on external help." He criticized the call for foreign businesses not to invest and tourists not to visit Burma, calling it unpatriotic. He said the "traitors" are "inviting external interference and serving their masters" and that "this hysterical group must be urgently crushed and annihilated in the interest of the country." He said: "We cannot tolerate the actions of the destructive elements and cannot remain indifferent. There is only one way to deal with the situation and that is to oppose these destructive elements resolutely and expose and crush their destructive works. They must be punished with the strength of the people." He then tabled motions "to express the people's overwhelming support for the national endeavors of the government and denounce the destructive elements undermining national interests."

Seconding the motion, U Aye Ko, education officer of Sagaing Division, challenged the "imperialist stooges to contest the elections if they have the courage." He then made reference to a "woman married to a foreigner" who is planning to "sell the country to a foreign power." He said this is absolutely not accepted by the people. He said popular tolerance is limited toward actions aimed at "bringing the country under servitude, luring youths out on the streets, disrupting children's education, and causing the closure of schools and divisions among the people." He warned the "destructive elements" not to engage in such activities if they have courage and added: "The people will only tolerate this to a certain extent. If they go any further they will be countered proportionately — swords against swords and spears against spears. I emphasize here that we will demonstrate Myanmar's courage to the world."

U Thein, a peasant, then seconded the motion. Addressing the rally, he warned the "destructive elements" not to "resort to wily feminine schemes" and not to "shout under pretext of democracy and human rights." He said "if you cause suffering to the people, we — the entire peasantry and the people — will punish you. You should be prepared to flee like dogs." He then asked: "Are you not ashamed, as a woman who does not preserve your own race but shouts and declares your patriotism for the nation and the race? You, the kind that calls the stepfather father although you have your own father, should go away with your stepfather." He then called on the government to protect the country from the "elements" creating unrest. He denounced the "destructive elements" and warned them: "If you go further along the path of confrontation, you will be crushed by the people — sword against sword and spear against spear."

The mass rally ended with the chanting of slogans following the passage of the motions.

Burma: SLORC Reportedly Planning To Create 'Disturbances'

BK2006134096 Oslo Democratic Voice of Burma in Burmese 1100 GMT 19 Jun 96

[Report by Maung Hlaing Tun]

[FBIS Translated Text] During the NLD [National League for Democracy] party congress in May, students from the GTI [Government Technical Institute] in Mudon Township, while in the midst of their exams, destroyed the Three Cardinal Objectives billboard erected in front of the institute. Two armored vehicles were sent to guard the institute and all students were sent home immediately after the exams. Meanwhile, military intelligence personnel were reportedly keeping an eye on students taking exams at Moulmein University. A Moulmein University student said that although the Defense Services were prepared to crush any unrest, there was no indication where the soldiers were.

Daw Tin Saw Oo, NLD [National League for Democracy] elected representative from Mudon Township Constituency-1, and Dr. Kyi Win, elected representative from Mudon Township Constituency-2, were held in custody at the 61st and 343d Light Infantry Regiments, respectively, on 20 May. U Thaung Nyunt, elected representative from Paung Township Constituency-2, who was similarly arrested, is being held in Moulmein Jail and is reportedly suffering from severe diarrhea. Dr. Kyi Win and Dr. Min Soe Lin, elected representatives from the Mon National Democratic Front, must check in twice daily at the No. 5 Military Intelligence Regiment.

Someone who recently arrived in Thailand said the SLORC's [State Law and Order Restoration Council] military intelligence personnel are planning to create disturbances such as explosions, religious and social unrest, terrorist acts, and spreading rumors to divert the people's attention from the current political situation.

Government officials also need military intelligence clearance before they travel.

Burma: Military Junta: No Tampering With Constitution Plans

BK2006081796 Hong Kong AFP in English 0802 GMT 20 Jun 96

[FBIS Transcribed Text] Bangkok June 20 (AFP) — Burma's military rulers may be willing to give Aung San Suu Kyi and the pro-democracy opposition some latitude, but they have drawn the line at tampering with their plans for a new state constitution.

A central issue is the military's insistence on a firmly-entrenched role in managing the country's future affairs.

When the junta announced a new law on June 7 to prevent "obstruction" to the state-sponsored national constitutional convention, many assumed that Aung San Suu Kyi's weekend rallies were the target.

But the meetings, at which she addresses thousands of supporters from the gate to her family compound, continued unhindered for the next two weekends, and there was no immediate sign they would be halted.

The real target, analysts now believe, was the opposition National League for Democracy's [NLD] decision to work on its own draft constitution — a decision the junta saw as an inadmissible challenge to its position.

"Constitutional drafting is the target of this law. That is the action which they (the junta) would consider to be a step too far," commented an Asian diplomat, reached by telephone in Rangoon.

"If the meetings were going to be banned, the SLORC [State Law and Order Restoration Council] would already have intervened," another Rangoon-based analyst said. "It's the possibility of a alternative constitution that they can't live with."

The NLD holds it is within its rights in drafting a new charter because of its landslide win in the 1990 general elections — which the junta, officially known as the State Law and Order Restoration Council, refused to recognize.

The SLORC has promised to hand over power to a civilian government once the constitution is completed, but insists on a strong military presence in future administrations.

The NLD initially took part in the state-sponsored national constitutional convention, which has met periodically since 1993, but the party — given fresh energy with Aung San Suu Kyi's release from six years of house arrest in July 1995 — walked out last November.

The NLD held the convention was unacceptable in its present form as elected officials made up only a small proportion of those attending, and given the military's insistence on 25 percent of the seats.

The NLD announced its charter plans at a party meeting at the end of May which was in itself an act of defiance. The SLORC attempted to disrupt the meeting by detaining more than 260 NLD supporters ahead of time.

After the meeting, when the SLORC had already begun releasing detainees, a new law was announced "protecting the peaceful and systematic transfer of state responsibility and the successful performance of the functions of the National Convention against disturbances and oppositions."

Its terms included a prohibition against any person or organization "carrying out the functions of the National Convention or drafting and disseminating the Constitution of the State without lawful authorization."

Aung San Suu Kyi immediately said that her weekend meetings were not intended to disrupt the rule of law but rather to promote it.

Last Saturday she returned to the subject of the new law, saying: "We are all for it if it is interpreted in the right way, ... but if it is deliberately misused against us, it will in no way be conducive to peace and stability."

Recent commentaries in Rangoon's official press have given mixed signals, with suggestions that dialogue is still possible contending with warnings that the opposition needed to be more flexible in its dealings with the SLORC.

Burma: Aung San Suu Kyi's Attempts To Create 'Unrest' Noted

BK2006124396 Rangoon MYANMAR ALIN in Burmese 18 Jun 96 p 3

[Article by Di Hlaing: "Ma Ma, Eyes Are Good"]

[FBIS Translated Text] Gene Sharp [name published in English], who is a so-called political science expert, wrote a book called "From Dictatorship To Democracy." [book title published in English] This book was translated into Burmese by the Khit Pyaing Journal team of expatriate Sein Win's group and secretly imported to Myanmar [Burma]. This book is a handbook for antigovernment opposition movements.

Gene Sharp wrote that one essential way to bring down dictatorship is to reject subservience. Gene Sharp also praises those who are engaged in armed struggle, but says that this is not the best method for success. He advocates that PD, or Political Defiance, is a better method.

Regarding foreign aid, Gene Sharp wrote that some foreign countries are only interested in business. They will tolerate and even aid dictatorial regimes if it means they can improve their business activities. Therefore, do not expect any assistance from these countries. This includes countries that have business ties with Myanmar.

Some foreign countries do not make commitments to help the oppressed, but instead will exploit and mislead the people. Do not expect this type of foreign assistance. Some countries oppose dictatorial regimes because they want to control the targeted country's economy, politics, and military. How right Mr. Gene Sharp is.

Foreign governments will only give genuine direct assistance if a government is unstable, as in a civil war. Then positive support will be donated. Therefore, one must create instability in the government using the PD method and attract the world's attention through the media. These are Gene Sharp, the white master's, recommendations.

Gene Sharp does not encourage negotiations. He notes that revolutionary uprising is necessary and continuous, because if negotiations succeed, new revolutionary methods need to be used. Gene Sharp boldly proposes the most effective method for those fighting for freedom is to use Political Defiance.

These are similar to old tricks used by the Burma Communist Party [BCP]. They never believed in negotiations, but would seek negotiations if they were in a tight corner merely to obtain some relief. The Defense Services have experience with that. How will the SLORC [State Law and Order Restoration Council] view it when the white master's daughter-in-law calls for a dialogue? How can you talk with persons who thought negotiations are dangerous?

Although there were many more, Gene Sharp listed more than 200 methods of non-violent struggles that were then divided into three categories — Protest and Persuasion, Non-Cooperation, and Intervention. [name of categories published in English] These are further divided into social, political, and economic sectors. These are all illegal ways to oppose the government. The majority of these means are detrimental to the public, and the leaders are indulging in their selfish interests.

The government will take legal action should you follow flattery and engage in destructive acts. The government would then be hated and blamed. Those were the BCP's tactics.

It is unfair to instigate the people into a trap, encourage illegal acts, and intimidate unrest; when the government suppresses these disturbances, it should be pointed out to the world.

This is also similar to the BCP military policy — to create public unrest with concocted government wrongdoings. At one time, the BCP forcefully recruited rural youth for the people's democracy revolution, gave them ammunition, sent them on missions, and spread rumors when they were killed by the military. History has showed the failure of that tactic with the eventual disintegration of the BCP.

A similar tactic was used during the disturbances to bring people out on the streets. The students were sent to the border in the same way. Some students sent to the border by you, Ma Ma [sister, reference to Aung San Suu Kyi], the democracy daughter-in-law, are still alive today. Do not show your ignorance. Is going underground and becoming expatriates a nonviolent method?

There are other methods that foreign governments could do, including stopping trade and blacklisting Burmese businessmen. Ma Ma, do you know who will suffer from trade sanctions? Ma Ma, do you realize who will be hurt when you say tourists should not come, foreign aid should not be given, and investors should stay away?

Ma Ma, you also seek the nonrecognition of Burmese delegates when they go abroad. Are you trying to discredit your own country, Ma Ma? After all, Ma Ma, the international condemnation method is your white master's technique. Ma Ma, I am sure you will be taught much better than Gene Sharp's methods at Oxford University.

Here are some non-violent interference methods — standing in the sun, standing in the rain, standing in the cold, hunger strike, sit- in strike, stand-up strike, hijacking cars, and seizing offices and homes.

The political interference method is to destabilize the executive and administrative system and to disclose the spies. Is beheading innocent people by accusing them of being spies during the disturbances a non-violent technique?

Another practice is to get imprisoned intentionally. The daughter-in-law's group are not afraid of imprisonment because political prisoners have special privileges in prison and the people shower them with sympathy.

Gene Sharp's last method is to form a parallel government. The BCP's UG [underground] technique that was popular during the 1988 disturbances blend with some of the politics developed into PD methods. U Nu and Sein Win formed parallel governments, but neither were not successful.

Are you reviving all these to create disturbances similar to 1988? Are you making another attempt to make up for past failures? Democracy is very pleasant. Ma Ma, are you making the people sick of democracy? Yes. The Myanmar people have despised democracy even before they knew what democracy was all about. Ma Ma, eyes are good to use for seeing, especially if you know how to look.

Burma: Students Protest Over Forced Relocation of Karennis

BK1906092396 Bangkok THE NATION in English 19 Jun 96 p A6

[Unattributed report]

[FBIS Transcribed Excerpt] About 600 Karenni refugees have fled Burma to Thailand to escape forced relocation by the Burmese military, an exiled student group reported yesterday.

The All Burma Students' Democratic Front (ABSDF) said the Burmese army ordered some 2,000 Karenni from 98 villages between the Salween River and Pun Creek in the Karenni state to move from their native villages to nearby Shar Taw town.

According to the ABSDF, the forced relocation is part of the ruling military junta's strategy to cut all ties between local inhabitants and the Karenni armed forces, depriving the rebel group of civilian support.

"The State Law and Order Restoration Council [SLORC] has often used the 'four cuts' strategy to prevent local people from supporting ethnic forces," a statement issued by the ABSDF yesterday said.

The group also claimed that Burmese troops have been sent to the area in an attempt to prevent the Karennis from fleeing to Thailand.

The newly-arrived refugees, including infants and pregnant women, are staying in makeshift shelters that provide little protection from monsoon rains, according to the group.

The Karenni National Progressive Party and the SLORC resumed their offensive last March after their ceasefire agreement was broken. [passage omitted]

Brunei, Malaysia & Singapore

Malaysia

Malaysia: Indonesia's Alatas Arrives for Joint Commission Meeting

BK2006081096 Kuala Lumpur THE STAR in English 20 Jun 96

[Report by Ang Su Ching — received via Internet]

[FBIS Transcribed Text] Penang — Indonesian Foreign Affairs Minister Ali Alatas is hopeful of an amicable solution to the issue which resulted in a hunger strike by 649 Indonesian illegal immigrants at the Kemayan detention camp on Tuesday [18 June].

"I've just been informed about the matter. I hope it can be resolved immediately in an amicable manner," he told reporters on arrival at the Penang International Airport yesterday.

The illegal immigrants went on a 24-hour hunger strike at the detention camp to back their demand on the Malaysian Government to expedite their deportation.

Alatas, who attended the 5th Malaysia-Indonesia Joint Commission Meeting, also said Indonesia aimed to resolve the long-standing dispute over Sipadan and Ligitan islands.

"We have discussed the legal aspects at the senior officials level. When it did not provide a solution, we decided to see whether a political solution was possible.

"The political solution is being tackled by heads of governments and if we do not yield any results, the matter will be referred to a third party (International Court of Justice)," he said.

He also said Indonesia and other ASEAN countries had agreed to elevate China's status in ASEAN to a full dialogue partner as "there is a strong ground for the move."

Meanwhile, Malaysian Foreign Minister Datuk Abdullah Ahmad Badawi, who arrived later in the day, welcomed Indonesia's move to co-operate to stop the influx of illegal workers into Malaysia.

"With close collaboration, there will be ways to control their entry," he said.

Malaysia: Minister Views Indonesian Island Dispute

BK2006142496 Kuala Lumpur Voice of Malaysia in English 0800 GMT 20 Jun 96

[FBIS Transcribed Text] Malaysia hopes the Pulau [island] Sipadan and Ligitan issue will be resolved amicably without affecting its good relations with Indonesia. Foreign Minister Datuk Abdullah Haji Ahmad Badawi said that with determination, maturity, and open minded [word indistinct] as well as understanding, cooperation, and respect for each other, the issue can be resolved satisfactorily.

He was speaking at a meeting of the Malaysia-Indonesia Commission in Pulau Penang. Datuk Abdullah said beside the issue of the two islands, the problem of migrant workers should also be given appropriate attention by the two countries.

Malaysia: Restrictions Imposed on Former Al-Arqam Members

BK2006084296 Kuala Lumpur THE STAR in English 20 Jun 96

[Report by Zailani Ahmad and A.R. Amiruddin]

[FBIS Transcribed Text] Kuala Lumpur — Pusat Islam [Islamic Center] has barred former al-Arqam leader Asaari Muhammad from using telephones or meeting his followers to prevent him from trying to revive the banned movement.

Minister in the Prime Minister's Department Datuk Abdul Hamid Othman said yesterday the government believed that attempts to revive al-Arqam recently were initiated by Asaari despite his promises and denials.

"It is time we stopped Asaari from using phones or meeting his followers," he told reporters after launching a book titled "The Islamic Financial System in Malaysia: Theory, Practice and Prospect" by Nor Mohamed Yakop.

Abdul Hamid said Pusat Islam had also barred former al-Arqam members from organising nasyid (gatherings to recite religious songs) recently because these functions were being used to propagate their beliefs.

Abdul Hamid also said Pusat Islam had declared a religious group in Pahang known as Tabrani as a deviationist movement.

"We recently found the group conducting martial arts courses and practising a few things against the Koran and Hadith," he said.

Meanwhile, former Penang al-Arqam deputy chief Prof Mansor Mohamed Noor has been detained under the

Internal Security Act [ISA] for alleged activities related to the banned movement.

Dr Mansor, 45, is a lecturer and researcher in Universiti Sains Malaysia's Centre for Policy Research.

A Bukit Aman [Police General Headquarters] statement said he was picked up at his house at Bagan Buaya, Seberang Prai Selatan, on Friday at about 4pm.

Dr Mansor's arrest brings to 18 the number of former Arqam members held under the ISA in connection with attempts to revive the movement.

Malaysia: Bakun Power Project Declared 'Invalid'

BK2006141996 Kuala Lumpur WATAN in Malay 20 Jun 96 pp 1,2

[FBIS Translated Excerpt] Kuala Lumpur, Wed — The Kuala Lumpur High Court today declared that the RM [Malaysian ringgit] 13.6 billion Bakun hydroelectric project in Sarawak was invalid as it failed to comply with the environmental laws.

Justice Datuk James Foong declared that the amendment order by Sciences, Technology, and Environment Minister Datuk Law Hieng Ding that provides for the transfer of approval of the Environment Impact Assessment, EIA, projects was inadequate.

He said the Ekran Limited, the developer of the project, and the first defendant, did not adhere to 1974 Environment Impact Assessment Act when it began the project. It was expected to be completed in the year 2003 and have a power capacity of 2,400 megawatts.

Justice Poong made the declaration after hearing the summons case against Ekran Limited by four parties and also three residents of a long house in the Belanga district of Caraway to Seventh Division. He also allowed all costs to be paid to the three residents. [passage omitted on names of three defendants]

Singapore

Singapore: PRC Civil Affairs Minister Visits Social Care Centers

BK2006083996 Singapore THE STRAITS TIMES in English 19 Jun 96 p 19

[Report by Geraldine Yeo]

[FBIS Transcribed Text] Singapore has not forgotten the elderly and the less fortunate even as it is advancing economically and technologically, the visiting Chinese Minister for Civil Affairs, Mr. Doje Cering, said yesterday.

"I'm very impressed with the excellent facilities and programs for the elderly and the destitute, even for the children," he said in Mandarin.

He spoke to THE STRAITS TIMES after visiting the Moral Seniors Activity Center and Family Service Center in Macpherson yesterday.

Mr. Doje was briefed on the services provided by both centers.

These include free tuition and before- and after-school care for children, a free lunch program and medical care for the elderly in the neighborhood.

The centers are run by the Thye Hua Kwan Moral Society.

Earlier, he called on Mr. Abdullah Tarmugi , the Minister for Community Development, and Mr. Ch'ng Jit Koon, the Senior Minister of State for Community Development.

Mr. Doje, who is here on a three-day visit at the invitation of Mr. Abdullah, said that during the meeting, they dwelled mainly on care for the elderly.

"I'm particularly concerned about this, because China has 120 million people who are over 60 years old and the number will continue to rise.

"We want to learn as much as we can from our neighboring countries about how they help their elderly and implement some of these ideas back in China," he added.

He said that he was keen to share ideas with Singapore because both countries were growing economically.

He added: "As we progress, we must still have a heart for those who are less fortunate. Here in Singapore, the community is also involved, with the government's support.

"That's something we can learn," he said.

He will visit the People's Association today and tour the Senior Citizens' club at the Bukit Batok Community Club.

The minister leaves for Egypt tonight.

Singapore: Air Defense Exercises Conducted With Malaysia

BK2006051596 Singapore THE STRAITS TIMES in English 19 Jun 96 p 20

[Unattributed report]

[FBIS Transcribed Text] Singapore and Malaysia will hold a joint Air Defense Exercise (Adex) over Peninsular Malaysia and Singapore today under the auspices of the Five Power Defense Arrangements [FPDA].

The FPDA countries are Australia, New Zealand, Britain, Malaysia and Singapore.

Codenamed Minor Adex 96-3, it is an exercise for the two air forces to preserve the integrity of the airspace of Malaysia and Singapore.

Headquarters Integrated Air Defense System (HQ IADS) at the Royal Malaysian Air Force (RMAF) Base in Butterworth, Penang, will coordinate the one-day exercise.

Air Vice-Marshal Errol John McCormack of the Royal Australian Air Force will command the exercise.

Singapore: Belgian Company Wins Major Dredging Contract

BR2006151496 Groot-Bijgaarden DE STANDAARD in Dutch 20 Jun 96 p 17

[Report by Mon Vanderostyne: "Dredging Beating Netherlanders and Koreans — Singapore Multibillion Contract Result of Long-Term Policy"]

[FBIS Translated Excerpt] Singapore — Together with Penta Ocean from Japan, the Flemish dredger Dredging International scooped a multibillion contract from under the nose of Netherlands and Korean competitors in Singapore. According to the dredging company's management, the contract's assignment proves that the company is holding a strong competitive position in the Far East, and is now reaping the full benefit of its long-term management in terms of multicultural employment policy in Asia.

The Jurong project in Singapore is one of the biggest tenders in the sector of hydraulic engineering since the works for the construction of Hong Kong's new airport have been terminated. It will create employment for 50 Flemings and for a number of Asian employees for a period of four years.

The Jurong and Tuas project involves the reclamation of 800 hectares of land from the sea, by pumping sand to join six smaller islands into one big peninsula. In addition to an already existing power station and part of a refinery, petrochemical plants will mostly be built on the peninsula. Last month, another Belgian company, the energy group Tractebel, took a 20-percent interest in the joint venture which will provide the public utilities on Jurong (power, steam, water distribution). [passage omitted]

The assignment of such a huge hydraulic engineering project has become a rare event. In fact, the project involves much more than merely dredging. Dredging International must also see to the foundations, to soil consolidation, to ensuring the strength of the unstable subsoil, to rock dumping, to the strengthening of the banks, etc.

The dredging works account for 15 billion Belgian francs (BF) of the overall cost, while the remaining BF11 billion will be spent on various hydraulic engineering works. [passage omitted]

Cambodia

Cambodia: Thai Prime Minister's Planned Visit Welcomed

BK2006041296 Phnom Penh National Radio of Cambodia Network in Cambodian 2300 GMT 19 Jun 96

[Editorial: "Warm Welcome to His Excellency Banhan Sinlapa-acha in the Land of Angkor"]

[FBIS Translated Text] Our beautiful land of Angkor has just a few hours left to prepare to welcome a high-ranking delegation from the Thai Kingdom — a neighboring country sharing a border with us — to be headed by Thai Prime Minister His Excellency [H.E.] Banhan Sinlapa-acha and his wife. The 80-member Thai delegation will arrive in the Kingdom of Cambodia [KoC] for a two-day visit to Cambodia, and its objective is to further economic relations between the two countries.

According to the KoC Ministry of Foreign Affairs and International Cooperation, during their stay in Cambodia, H.E. the Thai prime minister, his wife, and the rest of the Thai delegation will pay a courtesy call on Samdech Chea Sim, acting head of state and chairman of the National Assembly, and will hold official talks on bilateral relations with Samdech Krompreah Norodom Ranariddh, first prime minister, and Samdech Hun Sen, second prime minister of the Royal Cambodian Government [RCG]. H.E. Sinlapa-acha will also witness the signing of a number of agreements and the handover of medical equipment and medicine donated by the Royal Thai Government [RTG] to the RCG.

Moreover, according to a Thai diplomat, during his stay in Cambodia, the Thai prime minister is expected to sign an agreement on the construction of two hydroelectric dams in the Cambodian Province of Koh Kong.

The Thai newspaper BANGKOK POST reported last Sunday that the hydroelectric dam on the river Menam would produce electricity for sale to Thailand and its construction cost was estimated to be around $480 million. The same newspaper also reported that the other hydroelectric dam was to be located in the Thai Province of Trat and that its production of 470 megawatts of electricity would be channeled back to Cambodia.

It is to be recalled that Thailand already submitted a memorandum of understanding on this project to the RCG last November, that is, during a visit to Thailand by H.E. Ing Kiet, deputy prime minister and minister of public works and transport.

The Thai diplomat went on to disclose that the Thai prime minister would also discuss technical and economic cooperation, trade agreements, and investments.

A Cambodian Foreign Ministry official said that the main purpose of the Thai prime minister's visit was to further strengthen bilateral relations between the two countries.

It is to be recalled also that over a year ago, from 28 March to 1 April 1995, a high-ranking RCG delegation headed by Second Prime Minister Samdech Hun Sen met with a TRG delegation headed by the then Thai Prime Minister H.E. Chuan Likphai and a number of Thai businessmen and investors. During talks between the high-ranking delegations of the two countries, the two sides discussed important issues, including border and security problems, trade, investment, and tourism. On the border issue, the Thai side promised to resolve this problem before it became more serious and harmful to the interests of the two countries, and Thailand would stop giving support to the Khmer Rouge group, considering it a security problem between the two countries. Concerning relations on trade, investment, and tourism, the Thai side would continue to maintain goodwill in further improving these relations. Samdech Hun Sen assured that Cambodia would provide sufficient security for Thai investors and that the investment law passed by the National Assembly would be fully observed.

Analysts evaluated the official visit of the RCG leader headed by the samdech second prime minister as very fruitful, considering it a visit to clear up all cooperation and mutual understanding problems in the interests of both sides. Thailand and Cambodia agreed on many issues, such as the refugee issue and the exploitation of overlapping zones of contention.

Concerning the issue of Cambodian refugees in Thailand, should it arise, the Thai side promised that Thailand would respect all international laws and practices on refugees, and would consult with Cambodian authorities on this matter.

Concerning exploitation of territorial waters in the contentious zones, both sides held that the two countries should cooperate in jointly exploiting these zones in the same manner as is currently practiced between the Thai Kingdom and Malaysia.

It is in this sense that our people express hope and a firm belief that during this upcoming visit Mr. Banhan Sinlapa-acha will bring about new positive developments in the cause of strengthening and expanding bilateral relations of friendship and cooperation between Cambodia and Thailand.

May the visit of our country's eminent guests be safe and brilliantly successful.

Cambodia: Thailand's Banhan Arrives From Laos

BK2006084096 Bangkok Radio Thailand Network in Thai 0530 GMT 20 Jun 96

[Report by Public Relations Department's Correspondent Chintana Chaochumphot from Cambodia]

[FBIS Translated Text] Prime Minister Banhan Sinlapa-acha and his delegation arrived at the Pochentong Airport in Phnom Penh, Cambodia at 1140 after completing their visit to Laos. The delegation was welcomed at the airport by the Cambodian Foreign Minister and senior officials.

Thai Ambassador to Cambodia Domdet Bunnak introduced the Cambodian foreign minister and Princess Norodom Bopha Devi to the Thai prime minister and his wife. They also presented them with garlands. The delegation then proceeded to the government guest house before attending a welcoming ceremony held in front of the guest house. At the ceremony, Cambodian First Prime Minister Samdech Krompreah Norodom Ranariddh and Cambodian Second Prime Minister Hun Sen accompanied Prime Minister Banhan Sinlapa-acha to the welcome podium. The military band played the Thai and Cambodian national anthems. The prime minister will open a seminar on investment in Cambodia organized by the Board of Investment this afternoon. Representatives from the Thai and Cambodian private sectors will attend. During the visit to Cambodia, the two sides will discuss ways to strengthen economic cooperation and problems along the Thai-Cambodian border as well as the safety of people and their property along the border. In particular, the Thai private sector should be treated with fairness and allowed to run their businesses in smoothly. An agreement on trade and technical cooperation will be signed during the visit.

Before leaving Laos for Cambodia this morning, prime minister Banhan Sinlapa-acha and his wife Khunying Chaemsai Sinlapa-acha paid a courtesy call on Lao People's Democratic Republic President Nouhak Phoumsavan at Hokham Presidential Palace and visited That Louang Pagoda.

Cambodia: Sihanouk To Remain in Beijing for More Treatment

BK2006032396 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 19 Jun 96

[FBIS Summary] In a largely indistinct 1.5-minute report, Phnom Penh radio says that "His Majesty Norodom Sihanouk, king of Cambodia, will remain in Beijing for further medical examination and treatment." The reports cites a royal palace communique that says "the king's doctors have suggested that the king refrain from working (?hard) or receiving guests as this may (?endanger) his health." The report adds that "His Majesty King Norodom Sihanouk has been in Beijing for [words indistinct]; however, it is not known when he will be able to return to Phnom Penh."

Cambodia Fails To Shut Paper Seeking Monarchy's Abolition

BK2006121396 Hong Kong AFP in English 1135 GMT 20 Jun 96

[FBIS Transcribed Text] PHNOM PENH, June 20 (AFP) — The Cambodian information ministry has failed in an attempt to close down a newspaper and confiscate copies advocating the abolition of the country's monarchy, officials said Thursday.

The interior ministry, which was asked by the information ministry on Tuesday to seize copies of REPUBLIC NEWS, refused to do so on the grounds that such an action would violate the country's press law, they said.

The Khmer-language REPUBLIC NEWS was sued earlier this year by the government for insulting King Norodom Sihanouk and refusing to alter its logo to recognize that Cambodia is a monarchy.

The paper's editorial content supports the Khmer Republic government of Lon Nol, who overthrew King Sihanouk, then a prince, in 1970.

The lawsuit against the REPUBLIC NEWS has not yet been decided, but the information ministry when filing the suit in February ordered it closed for one month — the maximum allowed by the law unless a court grants an extension.

The paper remained closed from February 12 until Monday, when it resumed publication.

In a letter asking the interior ministry to confiscate all copies of the most recent issue as well as warn the editor and printer against continued to publication, Information Minister Ieng Muli said the paper was violating the constitution's seventh article, which says King Sihanouk is "inviolable."

He also said the paper should not be allowed to re-open until a court granted it permission to do so.

But a senior interior ministry official said Thursday his department would not accede to Ieng Muli's request, as the 30-day suspension allowed under the press law had not been renewed by a court.

"They cannot ask us to do that because the law does not allow it," the official said.

Indonesia

Indonesia: Security Forces Evict Workers, Students From Parliament

BK2006051396 Jakarta SUARA PEMBARUAN in Indonesian 19 Jun 96

[Report by Luther Ulag — received via Internet]

[FBIS Translated Text] Jakarta, 19 June — About 150 of the 3,000 workers and college students, demonstrating at the lobby of the House of Representatives of the Republic of Indonesia on Tuesday (18 June), insisted on remaining there until the house considered their demands.

They insisted on spending their night there although they had been persuaded by Afif Ma'ruf, secretary general of the House of Representatives of the Republic of Indonesia, to leave under tight security.

The 3,000 demonstrators are workers of shoe factories — P.T. [Company Limited] Indo Shoes and P.T. King Stone in Cibinong, Bogor — and students from various colleges in Jakarta.

They arrived at the parliament in the morning, and called for political change and improvement in the life of workers, particularly respect for workers and people's rights.

The demonstrators were received by the Indonesian Democratic Party Caucus in the House of Representatives [FPDI]. After the meeting, most of them decided to go home, though over 300 others chose to stay.

They told the FPDI of their intention to spend the night there. Sabam Sirait of the FPDI said the FPDI had no right to either stop or allow them to continue.

Ma'ruf urged them to go home first and to return the next day to find out the result of their meeting with MPs.

At 2100, over 100 of them agreed to go home in police vehicles. About 150 others, however, chose to remain.

They said they had the right to spend the night in the House of Representatives which represents the people.

They would remain there until they held another dialogue with MP's on Wednesday. Finally, the remaining demonstrators were forcibly evicted from the building by security personnel.

In a statement read by Budiman Sujatmiko, the demonstrators said workers are the most disadvantaged party of the capitalist economic system because they are treated as industrial machines to serve capitalists. Workers have nothing, but have to work hard.

Their plight is inseparable from the current political situation where the people's political consciousness is curtailed. The majority of the people are workers.

The demonstrators conveyed their demands to the FPDI. They were received by Sabam Sirait, Royani Haminullah, and Marcel Beding.

During the meeting, the FPDI pledged to consider their demands, particularly for an improvement to the life of workers and respect for their rights.

In the statement, they also rejected intervention by the government and the Armed Forces of the Republic of Indonesia in the internal affairs of sociopolitical organizations and labor cases, called for respect for the people's general aspirations, and demanded that Law No. 5 on Political Parties be revoked.

Indonesia: PDI Supporters Take to Street 19 Jun; 16 Leaders 'Sacked'

BK2006035396 Jakarta KOMPAS in English 20 Jun 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Jakarta, KOMPAS Online — Thousands of the PDI [Indonesian Democratic Party] supporters took part in a peaceful march from Jalan [Avenue] MH Thamrin to Jalan Diponegoro in Central Jakarta, on Wednesday (19 June), to protest against the PDI congress and declare their support for the leader of the PDI, Megawati Sukarnoputri. Sixteen of the breakaway PDI functionaries were also sacked from the PDI central leadership committee for holding the congress yesterday.

Among those protesting in the five kilometer march were PDI members of parliament Sophan Sophiaan, Sutarjo Suryoguritno, and Royani Haminullah.

On reaching the PDI headquarters on Jalan Diponegoro, Sutarjo stated: "We reject the PDI congress in Medan which is clearly unconstitutional". The crowd cried support for Megawati. They also criticized journalists for failing to provide a clear picture of the deception behind the congress.

According to Sophan Sophiaan, the demonstration was designed to show the government and ABRI [Armed Forces of the Republic of Indonesia] that the Medan congress was not endorsed by PDI supporters.

"We ask for the Medan congress to be aborted. The majority of PDI supporters reject the congress. The presence of the home affairs minister only marks the duel attitude of the government. On the one hand they acknowledge the rightful leadership of Megawati, on the other have allowed the congress", he said.

Demonstrations

Similar pro-Megawati protests occurred in Bandung where 300 students demonstrated in a protest which was quickly dispersed by police. There were also rallies in Salatiga and Semarang. PDI branches in both Semarang and Ujungpandang have stated their unwillingness to partake in the congress.

The crowd in front of the PDI headquarters in Jakarta cheered when the sacking of 16 PDI dissenting officers was announced by Chairman of the PDI Central Committee Mangara Siahaan. The officers were dismissed for violating party discipline and party regulations.

"They are attempting a coup d'etat against the legitimate and legal-constitutional party leadership which has led to divisions within the party as well as the emergence of groups who agree and disagree. All this has disturbed party stability and in time will disturb the leadership of the nation", Mangara Siahaan said.

Megawati added the PDI breakaway group was involved in slander, manipulation, and the ill-use of power. Those sacked from the party include Fatimah Akhmad, Ismundar, Subagyo, Slamet Mulyadi, Abdulgani, Abdul Kholiq Murod, Panangian Siregar, Yahya Theo, Eddy Junaedi, Titi Yuliasih Karjono, Ratih Ratna Purnami, Andi Khaerul Muis Mangga Barani, Mulyono Sutarmo, Untung Sutomo, Neneng Amalia and Urip Suyud.

The dismissal of the functionaries has been sanctioned under PDI regulations which state the chairman of the party has the authority to take actions against activities which endanger the party. This 1983 regulation was signed by Suryadi (former PDI chairman) and Nico Daryanto [former PDI secretary general].

Secretary General of the PDI Central Committee Alex Litaay reiterated that PDI only recognizes Megawati's leadership and that anyone who upholds law and the 1945 Constitution should campaign against the congress.

The PDI conflict has solicited widespread concern, both domestically and internationally. Minister of Women's

Affairs Mien Sugandhi said that the PDI situation should not have come to this level of conflict. Chairman of Golkar [Functional Group] in Bali Ketut Sundria also said at the officiating of the new ANTARA bureau chief in Denpasar, that the PDI conflict will affect the quality of the 1997 election.

Indonesia: At Least 3,000 Protestors Attend Megawati Rally

BK2006055496 Hong Kong AFP in English 0522 GMT 20 Jun 96

[FBIS Transcribed Text] Jakarta, June 20 (AFP) — The leader of the opposition Indonesian Democracy Party (PDI) Megawati Sukarnoputri saw off at least 3,000 supporters from the party headquarters Thursday [20 June] as they began a major rally in central Jakarta.

"Let us be orderly and show that we can be as democratic as our father when he proclaimed independence," Megawati told the crowd, referring to her own late father and Indonesia's first president, Sukarno.

The PDI members and Megawati supporters clad in the party's red colour chanted and raised their fists as they began their march of two kilometres (just over one mile) to the national monument.

"Today is a day of tragedy for democracy," Megawati told the crowd, on the same day that a rebel party congress opened in Medan, North Sumatra, organised by a splinter PDI faction.

The rebel faction, which wants to oust Megawati as party chairwoman, has been supported by the government and the military.

Numbers at the Jakarta rally are expected to swell as the crowds reach the national monument, built by Sukarno.

Indonesia's founding president was forced out of office following an attempted coup in 1965.

Current President Suharto, then a lieutenant general, officially took power in 1967. Sukarno died in 1970.

Indonesia: Police, Troops Clash With Demonstrators in Jakarta

BK2006064896 Hong Kong AFP in English 0623 GMT 20 Jun 96

[FBIS Transcribed Text] Jakarta, June 20 (AFP) — Police with riot shields and rattan sticks, supported by troops, charged demonstrators during a march here by the opposition Indonesian Democracy Party (PDI), and at least 10 people were injured, reporters said.

The incident occurred when the march, attended by around 3,000 demonstrators, split in two and one of the groups headed for Jakarta's central railway station.

Police and demonstrators hurled rocks at each other, then the uniformed forces moved in and cleared the area, the reporters said.

Several protestors were seen covered in blood, including a sound recordist for the U.S. television firm Cable News Network (CNN), one said.

A water cannon truck surged through the crowed, but no water or tear gas was used.

The violence occurred despite an appeal for orderliness from PDI leader Megawati Sukarnoputri to supporters who earlier set off on the march to Indonesia's national monument.

"Let us be orderly and show that we can be as democratic as our father when he proclaimed independence," Megawati told the crowd, referring to her own late father and Indonesia's first president, Sukarno.

Indonesia: 10 Injured in Jakarta Clash Between Police, Demonstrators

LD2006092696 Melbourne Radio Australia in English 0800 GMT 20 Jun 96

[FBIS Transcribed Text] Reports from Indonesia says a clash in Jakarta between riot police and members of the opposition democratic party [Indonesian Democracy Party] have left at least 10 people hurt. Witnesses said the incident occurred during a march by about 3,000 people in support of the party's leader, Megawati Sukarnoputri, a daughter of the late President Sukarno. They said police with riot shields and rattan sticks, backed by troops, moved in when a group of marchers split from the main group and headed for Jakarta's central railway station. The march coincided with the first day of a congress by party dissidents who want to replace Ms Megawati as leader. Addressing the crowd before the march began, Ms Megawati described the congress, which is being supported by the government and the military, as a tragedy for democracy. The demonstration came a day after a similar protest by Megawati supporters in Jakarta, which attracted about 2,000 people.

Indonesia: 'Scores' Injured in 'Intense' Political Violence

LD2006112196 Melbourne Radio Australia in English 1000 GMT 20 Jun 96

[FBIS Transcribed Text] There has been a violent clash in the Indonesian capital, Jakarta, between the armed forces and supporters of the leader of the opposition [Indonesian] Democratic Party, Megawati Sukarnoputri. Scores of people were injured in the riot, described as the worst political violence in the capital in years. Michael Maher.

[Begin Maher recording, after sound of sirens] The rioting began after soldiers and police attempted to prevent a crowd of more than 3,000 people from continuing their protest march. Some of the demonstrators began to throw plastic bottles and then stones at the security forces who initially retreated because they were outnumbered. But after regrouping soldiers returned to confront the demonstrators, attacking them with bamboo riot sticks. A pitched battle was fought for some 10 minutes before the armed forces were able to bring the crowd under control. Scores of people were injured in the melee, which was the most intense political violence seen here in recent times. The demonstrators were protesting against government and military backed moves to topple the leader of the opposition [Indonesian] Democratic Party, Megawati Sukarnoputri. Michael Maher, Jakarta. [end recording]

Indonesia: Hospital Reports 'More Than 100' Injured in PDI Protests

BK2006113296 Hong Kong AFP in English 1116 GMT 20 Jun 96

[FBIS Transcribed Text] JAKARTA, June 20 (AFP) — More than 100 people were injured in violent clashes that rocked central Jakarta Thursday [20 June] between security forces and supporters of the Indonesian Democracy Party (PDI), party officials and military sources said.

At least 83 civilians were registered as wounded at the central PDI office, a medic on duty at the makeshift medical centre told an AFP reporter.

There are reports that a PDI member died in the clashes. The report could not immediately be confirmed.

The injured suffered bruises, rattan stick welts and cuts to the head and body, the PDI medic said, adding that there were only four seriously injured.

At least three journalists from local magazines and the sound recorder from the US-based Cable News Network (CNN) were injured in the clashes. The CNN employee received five stitches to his head.

Twenty anti-riot police were injured in the clashes a military source said.

Seventy of the demonstrators who were being held at the army's strategic reserves centre were later moved to police headquarters in central Jakarta, a PDI spokesman said.

"The executive board will try to get their release," the unnamed official said over a loudspeaker at the party's headquarters late Thursday.

Evening news programs did not broadcast pictures of the riots.

Indonesia: AFP Details Police, PDI Clashes; No Confirmed Deaths

BK2006131996 Hong Kong AFP in English 1307 GMT 20 Jun 96

[FBIS Transcribed Excerpt] JAKARTA, June 20 (AFP) — Over 100 people were injured Thursday [20 June] when hundreds of troops and riot police clashed here with supporters of the opposition Indonesian Democracy Party (PDI).

The violence erupted as a rebel faction of the party, with the support and blessing of the government, Thursday opened a congress in Medan, North Sumatra, aimed at ousting PDI leader Megawati Sukarnoputri.

AFP reporters said at least 3,000 Megawati supporters sought to march to the Indonesian national monument, part of a huge square in Jakarta, but were diverted away from the area by police.

Police and military threw a triple cordon across the street near the Gambir central railway station to block the marchers but were pelted with stones and violently pushed back, an AFP reporter saw.

The authorities then regrouped and charged, mercilessly clubbing demonstrators and pursuing them down side streets.

Some protestors had bloodied faces from head injuries. [passage omitted]

Others, including a policeman, were run down by PDI cars which were trying to flee the area after a riot police attack.

"We did not use violence," said Jakarta military commander Major General Sutiyoso, quoted by the official ANTARA news agency later Thursday.

Sutiyoso said many of his soldiers were injured and hospitalised and had been treated "inhumanely" by the protestors.

After the clash, the marchers headed back to the PDI headquarters, followed by about 100 army troops. The crowd outside the party building swelled as more supporters arrived, with party leaders conferred inside. [passage omitted]

Seventy of the demonstrators who were arrested and held at the army's strategic reserves centre were later moved to police headquarters in south Jakarta, a PDI spokesman said.

"The executive board will try to get their release," the unnamed official said over a loudspeaker at the party's headquarters late Thursday.

There were reports that a PDI member died in the clashes, but the report could not immediately be confirmed.

PDI Secretary General Alex Litaay told AFP: "We have not been able to confirm any death."

Twenty anti-riot police were injured in the clashes, a military source said.

The violence occurred despite an appeal for discipline and self- restraint from Megawati to supporters as they set off.

"Let us be orderly and show that we can be as democratic as our father when he proclaimed independence," Megawati told the crowd, referring to her own late father and Indonesia's first president, Sukarno.

"Today is a day of tragedy for democracy," Megawati added, referring to the rival faction's congress in Medan. The PDI leadership Wednesday announced the expulsion of the 16 rebel party executives and declared the congress illegal.

Home Affairs Minister Yogie Suardi Memed, who opened the congress meeting, said the government believed the congress was the "best way" to solve the party's "internal problems," a conference source said by telephone from Medan.

The source also quoted Military Chief General Feisal Tanjung as telling the congress that the armed forces supported "every constitutional action, including the government's policy to restore the image, integrity and unity of the party."

State television news, which is carried by all five private networks, made no mention of the riot but showed interviews and reports from the Medan congress.

The ruling Golkar party, which has won each of the five past elections since 1971, the Moslem-oriented United Development Party and PDI are the only three parties recognised by the Indonesian state.

Indonesia: Home Minister Opens Breakaway PDI Congress in Medan

BK2006083696 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 20 Jun 96

[FBIS Translated Text] Home Affairs Minister Yogi Suardi Memet officially opened the 4th congress of the Indonesian Democratic Party at the Pangkalan Mansyur Hajj Dormitory in Medan today.

Here is a report by Correspondent Syahrizal in Medan on the congress which was opened by the home affair minister.

[Begin recording] [Syahrizal] Home Affairs Minister Yogi Suardi Memet said in an inaugural speech before 1,500 PDI delegates to the congress that the fourth PDI congress was the best alternative to settle the party's internal problems which had been relatively prolonged. The minister hoped that every party member would reflect and resort to consultations for the sake of national interests and aspirations. The minister expressed the hopes of the government and all Indonesian people that the PDI would become a strong pillar of Pancasila democracy.

[Yogi] The PDI should promote Pancasila Democracy within the party to harness the party's potential and settle the existing internal conflict and problems. Honorable ladies and gentlemen! Without ignoring the gravity of problems facing the PDI, the government and people hope that the congress problems will be comprehensively settled or that there will at least be appropriate preliminary steps taken, no matter how difficult they may be.

[Syahrizal] Meanwhile, Armed Forces Commander General Feisal Tanjung said at the first plenary session of the 4th PDI congress this afternoon that the sociopolitical role of the Armed Forces of the Republic of Indonesia [ABRI] is an integral part of the country's political system and Pancasila Democracy. Thus, the ABRI's interest in the affairs of sociopolitical organizations does not amount to interference but solely reflects its desire to harness the national potential, achieve a national vision, and overcome problems detrimental to national stability.

[Feisal] That is why the ABRI supports all constitutional measures, including the government policy to restore the image, integrity, and [words indistinct] Pancasila Democracy. In addition, the ABRI is convinced that the congress will restore PDI's integrity [applause]. Other sociopolitical organizations have maintained their respective integrity.

[Syahrizal] Today, the rules and agenda of the congress will be set at the second plenary session. The PDI congress will end on 23 June. Delegates will hold a general debate on a report by the PDI Central Executive Council at the third and fourth plenary sessions. The PDI congress is taking place peacefully. [end recording]

Indonesian Officer: Only 187 Fretilin Members Remain in E. Timor

BK2006084796 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 20 Jun 96

[FBIS Translated Text] The security disturbance movement- Revolutionary Front for an Independent East Timor [GPK-Fretilin] is weakening, and its members are simply trying to survive in the jungles of East Timor.

In Dili, Infantry Colonel Mahidin Simbolon, commandant of the 164 Wiradharma Military Area Command, told Utula Samana, Papua New Guinean permanent representative to the United Nations that the GPK- Fretilin is weakening and resorting to crimes such as theft. The GPK-Fretilin has been reduced to only 187 members scattered in the East Timor jungles. If they give up, they will be given amnesty and be allowed to return to their respective families.

Laos

Laos: Thailand's Banhan Arrives, Holds Talks

BK1906083696 Bangkok Radio Thailand Network in Thai 0530 GMT 19 Jun 96

[FBIS Translated Text] A Thai government delegation headed by Prime Minister Banhan Sinlapa-acha arrived at Wattai Airport in Vientiane, the Lao People's Democratic Republic, at 0900. The Thai delegation was welcomed at the airport by Lao Prime Minister General Khamtai Siphandon, his wqfe and a Lao delegation. Our correspondent reports from Laos:

[Begin recording] At 0900 local time, Lao Prime Minister General Khamtai Siphandon, his wife, Lao Foreign Minister Somsavat Lengsavat, and numerous Lao officials welcomed the Thai prime minister's delegation at the airport. The atmosphere was warm and friendly. The Lao prime minister accompanied the Thai prime minister to the welcoming podium to receive a salute from the honor guard of the three armed services. A military band played the Thai and Lao national anthems. Then, the prime minister and his delegation went to lay a wreath at the monument to the unknown soldier. After that, Prime Minister Banhan Sinlapa-acha, Amnuai Wirawan, deputy prime minister and foreign minister, held official talks with Lao Prime Minister General Khamtai Siphandon. The Thai prime minister will witness the signing of two cooperation agreements between Thailand and Laos after the meeting. The first is a memorandum of understanding on electricity development cooperation. The other pertains to the purchase of electricity from the Nam Theun-Hin Boun hydropower project. There will be a ceremony for handing over railway tracks and equipment for the construction of a road linking the friendship bridge to Tha Deua Wharf. [end recording]

Laos: Senior Thai Official Discusses ASEAN Issues

BK2006075596 Bangkok BANGKOK POST in English 20 Jun 96 p 6

[Report by Phanrawi Tansupphaphon and Yuwadi Thanyasiri]

[FBIS Transcribed Excerpt] Vientiane — Thailand and Laos are trying to speed up solutions to outstanding problems so as to meet the goal of having all 10 Southeast Asian countries in the Association of Southeast Asian Nations by the year 2000.

The statement was made by a senior Thai official after Prime Minister Banhan Sinlapa-acha held talks with his host Khamtai Siphandon yesterday. [passage omitted]

Laos agreed with a Thai proposal to hold a meeting of governors from provinces bordering the two countries in order to settle problems caused by different rules and inconvenient contact, including arrests of Thai nationals who unwittingly entered Laos illegally, Mr Banhan said.

Mr Banhan, who is also interior minister, will co-chair the meeting with Mr Khamtai. The meeting will take place in Thailand as soon as possible. [Passage omitted]

On boundary problems, Mr Khamtai reaffirmed his country's intention to tackle them at every point along the common border instead of doing it on a point-by-point basis as in the past. Both sides agreed to upgrade the chairmanship of the Joint Boundary Committee from the level of deputy foreign minister to foreign minister last November during the Thai-Lao Joint Commission.

"If there is any problem that cannot be resolved at the ministerial level, the leaders of both countries are ready to tackle it." Mr Banhan said. [passage omitted]

On the economic front, Thailand asked Laos to increase flights between Bangkok and Vientiane from six to seven days a week. It also asked to open new air routes from Chiang Mai to the ancient Lao capital of Luang Prabang in the north and from Luang Prabang to Pakse in the south.

Thailand also proposed Laos set up a mechanism between the government and private sectors to deal with problems which might arise between the two countries' private sectors. The issue will be raised at the next joint commission meeting.

Laos: More on Talks Held With Thai Prime Minister

BK2006075396 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 19 Jun 96

[FBIS Translated Excerpt] As reported earlier, this morning a high-level delegation of the Kingdom of Thailand headed by His Excellency [H.E.] Banhan Sinlapa-acha, prime minister of the Kingdom of Thailand, accompanied by his wife, arrived in Vientiane for a friendship visit to the Lao People's Democratic Republic [LPDR] at the invitation of H.E. Khamtai Siphandon, prime minister of the LPDR.

Upon the arrival of the Thai delegation, the prime ministers of Laos and Thailand held talks on various issues at the Prime Minister's Office, especially on ties between the governments, solutions of the various incidents taking place along the Lao-Thai border, the border transit of goods, and the goods exchange and trade.

In the afternoon, H.E. Banhan Sinlapa-acha, prime minister of the Kingdom of Thailand, participated in a joint meeting between Lao and Thai businessmen and later gave a news briefing at Lan Xang hotel to Lao and Thai journalists on the outcome of his official talks with the Lao prime minister.

At the press briefing H.E. Prime Minister Banhan Sinlapa-acha said: [Begin recording, Banhan in Thai]

During the talks, I expressed my view to H.E. the Lao Prime Minister that our visit is aimed at promoting the time-honored close ties between our two countries which share a long common border as well as a similar culture, traditions, and customs. During the visit, we have been given an excellent welcome by H.E. the Lao Prime Minister, his cabinet members, and all brotherly Lao people. I would like to take this opportunity to express my thanks to them. During the visit, I plan discuss some road and airport projects. An Agreement was also signed earlier today. The Electricity Generating Authority of Thailand will increase its electricity purchase from Laos from 1,500 to 3,000 megawatts. We also signed an agreement on the Nam Theun hydroelectric project. Two other agreements, on double taxation and financial cooperation were supposed to be signed. However, due to time constraints, they have not been inked yet.

I also presented a section of rail tracks as a token to H.E. the Prime Minister of Laos. These tracks will be installed as a friendship link in the Thai-Lao rail line. We managed to reach mutual understanding without any hitches for the other issues. [End of recording]

At 1420 this afternoon, the high-level delegation of the Kingdom of Thailand, accompanied by Foreign Affairs Minister Somsavat Lengsavat, left by a special Lao aviation company airliner for Luang Prabang Province for a visit. [passage omitted on recorded report by a station reporter on activities of the Thai delegation in Luang Prabang]

H.E. Prime Minister Banhan Sinlapa-acha and his party also made an inspection tour of a project to improve Luang Prabang airport.

At 1640 on the same day, H.E. Prime Minister Banhan Sinlapa-acha and his party, accompanied by LPDR Foreign Affairs Minister Somsavat Lengsavat and Communications, Transport, Posts, and Construction Minister Phao Bounnaphon, returned to Vientiane.

Laos: Thailand Raises Concern on Friendship Bridge Restrictions

BK2006074296 Bangkok THE NATION in English 20 Jun 96 p A2

[Report by Marisa Chimprapha]

[FBIS Transcribed Text] Vientiane — Thailand expressed concern yesterday over the utilisation of the Thai-Lao Friendship Bridge in Nong Khai province, saying Laos' restrictions on their side have affected the bridge's objectives to serve as a regional transportation network.

Prime Minister Banhan Sinlapa-acha raised the issue when he met his Laotian counterpart, Khamtai Siphandon, during his two-day visit at the invitation of the Laos government.

Banhan said the bridge, in use since 1994, and routes linking Nong Khai with Vientiane have not yet been fully utilised because the Laos government does not allow vehicles from Thailand to drive directly to Vientiane.

Thais have to park their cars at the foot of the bridge on the Laos side and rent vehicles to get to the capital, as Laos claimed that it was concerned about traffic jams, accidents and the influx of people to its capital, Banhan said.

Moreover, Thais are only allowed to walk half way across the bridge, he said.

"We have to remember that one of the objectives of the bridge was in response to regional calls for countries in this region to have easy access to one another. It seems that there is no need to talk about building a second bridge as the first one has not yet been used to its full potential," a source at the meeting quoted Banhan telling Khamtai.

Deputy Permanent Secretary Sarot Chawanawirat said Khamtai yesterday repeated Vientiane's concerns over the influx of people and vehicles to the capital, but said he would assign those authorities concerned to look into the matter.

Referring to a recent meeting of ASEAN and riparian countries on the Mekong River, Khamtai expressed satisfaction that it was agreed to conduct a feasibility study to include Laos in a tran-Asia railway link. The Malaysia-initiated project initially did not pass through Laos but linked Singapore, Malaysia, Thailand, Cambodia, Vietnam and China.

Banhan also said he encouraged Laos to join in commemorating His Majesty the King's 50th anniversary of his accession to the Throne by releasing Thais detained in Laotian jails.

Banhan said Khamtai had not yet responded to the request but he hoped there would be positive news on the matter in the near future.

Sarot said Khamtai also repeated his country's concern over the continued anti-Vientiane activities of the Lao right-wing movement along the Thai-Laotian border. Recently Laotian authorities claimed they caught Hmong fighters, with their identification documents issued by Wat Tham Krabok drug rehabilitation centre [in Thailand's Sara Buri Province].

Thailand has been criticised of secretly supporting the movement by allowing it to use its territory to carry on its sabotage activities against the Laotian government.

"Khamtai asked the Thai side to keep a close watch on this movement. The Thai premier responded by reiterating that his government has abided by its policy of not allowing any group to use its territory to launch activities against any government," Sarot said.

Banhan said that he had proposed a meeting of Thai and Laos governors along the border to increase mutual cooperation and seek equal treatment for Thais.

"At present, each border province has bilateral meetings with Laotian provinces close to it. I have proposed that all the governors along the border meet at the same time to ensure effective cooperation and handling of all problems that could arise," he said.

The same source said the Thais usually received different treatment depending on which Laotian province they were arrested in. One provincial authority was found to fine Thais U.S. $500 (Bt12,500) over a specific charge, while another province puts the fine at U.S. $5 (Bt125).

Banhan and Khamtai yesterday witnessed the signing of agreements for Thailand to purchase an additional 1,500 MW of electricity from Laos and for both countries to jointly develop projects using it. Both countries yesterday failed to sign an agreement on the avoidance of double taxation as Laos was not ready for such a move.

Philippines

Philippines: Taiwan Plans To Expand Maritime Regime in Spratlys

BK2006084196 Manila PNA in English 1221 GMT 19 Jun 96

[Report by Johnny C. Nunez — received via Internet]

[FBIS Transcribed Text] Manila, June 19 (PNA) — Taiwan plans to declare an expanded maritime regime in the South China Sea that could encompass the entire disputed Spratly island-group.

Information Director Eddie Yang of the Taipei Economic and Cultural Office (TECO) in Manila told media Tuesday, Taiwan may take the move shortly following Beijing's similar declaration.

Beijing recently declared its expanded maritime baselines in the South China after it ratified the United Nations Convention on the Law of the Sea (UNCLOS). The expanded area effectively covers the Paracels island group claimed by Vietnam.

Only last week, China made it known to visiting Filipino officials in Beijing it plans to further expand its maritime regime to the Spratlys, several islands of which in the Kalayaan group are claimed by the Philippines.

Taiwan, the Philippines, Vietnam, Malaysia, and Brunei have staked claims to islands or island groups in the South China Sea, which entire area is claimed by mainland China.

Yang said, however, they have not increased their deployed force in the island they guard in the Spratlys. The Philippines, Vietnam, and China have similar such military contingents in their claimed territories in the South China Sea.

Philippine Foreign Affairs Secretary Domingo Siazon, who has just arrived from Beijing, said top Chinese officials assured him China will not use force in resolving the South China Sea dispute.

"Thrice, they assured us that they will not use force in resolving the South China Sea dispute," Siazon told diplomatic reporters.

Siazon said his recent visit to China was unprecedented because all four top Chinese leaders — President Jiang Zemin, Prime Minister Li Peng, Vice President Rong Yiren, and Foreign Minister Quian Qichen gave him separate audiences.

His visit was indeed exceptional, Siazon said, because meeting with the three Chinese officials are granted only to visiting heads of state.

Siazon said Beijing seems eager to strengthen its relations with Manila, following the eyeball-to-eyeball confrontation between Chinese and Philippine military elements in the 1995 Mischief Reef incident south of Palawan.

Philippines: Further on Resumption of Talks With Communists

BK2006083396 Manila BUSINESS WORLD in English 20 Jun 96

[Report by Paul N. Villegas, Carlo B.M. Santos and Ronaldo F. Nabal — received via Internet]

[FBIS Transcribed Text] Peace talks between the government and the communist National Democratic Front (NDF) resumed yesterday following the government's posting no objection to the release of detained New People's Army leader Sotero Llamas.

Mr. Llamas's detention was a primary factor behind the suspension of the talks last year.

President Ramos, who was informed by Defense Secretary Renato de Villa during yesterday's Cabinet meeting in Laguna on the resumption of the peace talks, said he was guarded on the outcome of the negotiations.

"I view the resumption of peace talks with guarded optimism, given the disappointing results of the previous round of negotiations with the NDF. Our people have long been impatient for peace, and this process has taken long enough," Mr. Ramos said.

"I therefore call on the NDF to finally move to the substantive issues which form the core of these talks. These issues, if resolved, will end the armed conflict and definitively address the roots of insurgency," he added.

The government lifted the suspension on the Safety and Immunity Guarantee (SIG) provision for duly appointed NDF negotiators, consultants, and staff members. NDF officials and staffers whose names have been submitted to the government will now be allowed to leave the country and join the talks, officials said.

Mr. de Villa said "We have received today, and we got this by phone, court orders from the different courts that are handling his (Mr. Llamas's) cases, for his release and a concomitant directive for the re-investigation of his cases. Therefore that order will have to be followed and the process of his release has already started."

"The administrative requirements for his release have started already...I think he can be released shortly...Just wait for it (the order) to come out," Mr. de Villa said.

Mr. Llamas is under the custody of the Intelligence Service of the Armed Forces of the Philippines (ISAFP), which is headed by Gen. Benjamin Libarnes.

One of the Consultants

Mr. de Villa said "I don't know if Mr. Llamas is a member of the NDF negotiation panel as consultant but based on the previous reports of the NDF he could be one of the consultants," pointing to the possibility he will be allowed to leave the country.

"If he will leave the country, the normal procedure will be for him to get a leave from the court since he will still be re- investigated, and of course, secure a passport and a visa. If these are complied with and if he is in the list then he is covered by the SIG," Mr. de Villa added.

Mr. Llamas's release, said the defense chief, has nothing to do with the resumption of peace talks.

"The release is more an effect of a court order rather than the resumption of peace negotiations...It's a court order, I mean everybody in this country must obey a court order," Mr. de Villa said.

The activist group Karapatan said Mr. Llamas was to be released yesterday afternoon but as of press time he was still in detention. the ISAFP's Mr. Libarnes said Mr. Llamas is likely to be released on or before Friday afternoon.

AFP Public Information officer Lt. Col. Leopoldo Maligalig told reporters they could not just release Mr. Llamas based on second- hand verbal orders from Mr. de Villa. He said they are still waiting for a letter from the office of Mr. de Villa, which will then be processed by the military.

At the Hague, Netherlands, government panel chairman ambassador Howard Dee told NDF officials Luis Jalandoni, Jose Maria Sison, Antonio Zumel, Fidel Agcaoili, Coni Ledesma and other members of NDF delegation that "the time for fighting is past; the time for building is here."

Nationwide Cease-Fire

Mr. Dee called on the NDF panel to agree to a nationwide cease- fire as they continue with the peace talks.

"A mutual cease-fire during the talks would only confirm the situation on the ground, as the level of our fighting measured by the number of encounters, has been reduced by over 90% and in 99% of barangays [villages], there are no longer protagonists," he said.

Mr. Dee said that if the NDF agrees to the nationwide cease-fire, it may put a stop to arrests over offenses committed in pursuit of political objectives.

"Second, it (peace talks) will gain the support we need from our people for the reforms we shall pursue together, and lastly, it will provide us with a wherewithal to implement immediately the reforms we may agree upon without waiting for a final settlement," he said.

The ambassador said that the Filipino people must be reassured that a new era of human rights has begun and said the armed conflict was a "gross violation" of the basic human rights of the people.

"It is time for us to cut this vicious cycle of injustice, conflict, violence and more injustice by way of peace reforms, and human rights is the right place to begin," Mr. Dee said.

At the Senate, Senator Ramon Magsaysay said he sees Mr. Llamas's release as "a fresh wind for the continuation of the peace talks."

However, he noted that the release should not be misconstrued as a victory for the left "but rather a (sign of the) magnanimity and sincerity of the Ramos government and the Armed Forces of the Philippines to come to terms on the negotiating table once more".

"It is now incumbent upon Mr. Llamas and the rest of the NDF leadership to be guided by the principle of humility in all their actions for after all in such armed conflicts we are all losers in this situation," he said.

Thailand

Thailand: Tobacco Export Affected by New U.S. Quota Rule

BK2006130196 Bangkok BANGKOK POST in English 20 Jun 96 p 19

[Unattributed report]

[FBIS Transcribed Text] Thailand and six other major tobacco suppliers have complained to the U.S. Government about a plan to change the way U.S. tobacco import quotas are managed, a ministry source said.

The seven — Argentina, Brazil, Chile, the Philippines, Malawi, Thailand, and Zimbabwe — told Acting U.S. Trade Representative Charlene Barshefsky in a joint letter that the change would deprive them of income and violate U.S. commitments under international trade law.

At present tobacco imports are allowed into the United States on a "first come first served" basis. This means that U.S. importers have to compete with each other to buy the tobacco from foreign suppliers driving the export price up, in order to gain shares of the quota.

The quotas take the form of "tariff quotas". Quantities within the quotas are imported at lower import duty rates. Quantities exceeding the quotas are permitted, but at higher duties.

Thailand is allowed to export 7,000 tonnes to the United States at the lower in-quota duty rate, said Seri Pansuwan, director of the Thailand Tobacco Monopoly.

Under the proposed new system, the U.S. Government would issue import licences to American importers to cover all imports, both within and outside the quota. The American importers would decide among themselves how the licenses would be shared out.

The seven exporting countries said in their letter that the new method would hand over to the importing companies the power to decide which sales would be within the quota and therefore be eligible for the lower duty rate. The exporters said this would shift the bargaining power to the importing companies and drive down the price.

The suppliers reminded the U.S. that it had agreed to the present system under the General Agreement on Tariffs and Trade and any changes — including those that shifted bargaining power could be challenged as a violation of GATT commitments.

The tobacco exporting countries warned that changing the quota administration system in any way, whether it be allowing import licenses to be granted to manufacturers or applying different standards to treatment of domestic and imported products, would breach agreements under the WTO.

Thailand: U.S. 'Envoys on Burma' Criticized on Trip Outcome

BK2006044496 Bangkok THE NATION in English 20 Jun 96 p A4

[Commentary by Yindi Loetcharoenchok: "U.S.-Burma Policy Needs Rethinking"]

[FBIS Transcribed Text] "The American (Government) is so good in making empty threats. And last week's trip is just another example of such a threat," noted one senior Thai official when asked to comment on the visit to the region by two special U.S. envoys on Burma.

It seems the U.S. Government expected nothing more than big media publicity of the high-profile six-country tour by William Brown and Stanley Roth.

"In terms of any substance, that's another question," the Thai official added.

The official's remark was shared by Burmese dissidents who attended the press conference in Bangkok last Saturday given by the two envoys at the end of their one-week Burma mission that included brief stops in Japan, the Philippines, Singapore, Malaysia, Indonesia and Thailand.

Brown, former ambassador to Thailand from 1985-88, and Roth, a presidential security adviser, were sent to the region "to consult on coordinated responses" following the Burmese junta's sweeping arrests of over 260 political activists of the National League for Democracy (NLD).

"They didn't say anything new that wasn't known or published before," complained one dissident.

Several Burmese exiles and Burma campaigners at the news briefing could not help but express strong disappointment that neither Brown nor Roth had made use of their presence in Bangkok, the city with closest proximity to Burma, to convey a strong and substantive message to the intransigent ruling Burmese State Law and Order Restoration Council (SLORC). Also the two failed to spell out, in concrete terms, possible U.S. retaliatory measures.

Apart from a bland opening statement, repetition of responses and threats of possible economic sanctions, the U.S. delegation was as vague as before they embarked on the trip as to how Washington would deal with the growing critical political tension and potential outburst of violence in Burma, they added.

Although the U.S. envoys could claim some success in drawing regional and international attention to their mission, it appears they failed in the very objective of their mission — namely, to convince Japan and ASEAN countries to take a tougher stance towards the SLORC and to find a common collective approach to reverse the political situation in Burma.

ASEAN diplomats said while the U.S. and ASEAN members have shared similar concern over the ongoing political confrontation between SLORC and the NLD and a desire for a peaceful solution, both sides still differed on several fundamental principles and approaches to the matter.

The U.S. tends to be outspoken and critical but its repeated messages or threats often carry no weight because of lack of backup action. It is a typical case of words not being matched with deeds.

ASEAN, however, prefers a softer approach of quiet and face- saving diplomacy, they added.

The diplomats said even though Indonesian Foreign Minister Ali Alatas had last week rejected a recommendation of senior ASEAN officials that he travel to Rangoon to voice ASEAN concern at the political situation in Burma, the rejection itself served to convey a clear message to both SLORC and the NLD. Moreover, the grouping still retains a low-profile channel with the military regime in order to communicate and put their message across without creating a big commotion, they added.

Although individual ASEAN members such as Thailand and the Philippines promptly aired their concerns over the arrests of the NLD members, ASEAN diplomats said the remarks did not at all reflect that the regional grouping was having second thoughts over its constructive engagement policy with Burma.

In ASEAN's view, constructive engagement is still the best means to bring about national reconciliation and democracy in Burma.

The diplomats questioned Washington's real intentions behind the campaign tour by the two envoys, which, they said were practically devised to serve American self-interests. The U.S. Government is particularly good in announcing threats without backing them with action, they said.

"It's so easy for them to threaten small countries like Burma. But what about China? The U.S. Government wouldn't dare take any real punitive actions against Beijing despite alleged Chinese violations of copyright. They (Americans) fear Chinese retaliation and loss of opportunity to other economic powers," one diplomat said.

The senior Thai official said he believed Brown's visit was a conspiracy to thwart attempts by the U.S. Congress to pass an economic sanctions bill which is gaining growing support in both the House and Senate. The pending sanctions bill would not only forbid new U.S. investment in Burma, but its impact would also affect and force big American corporations like Unocal and Texaco to eventually pull out of the country.

Washington knows that unless countries like China, Japan and ASEAN members cooperate in the economic boycott, its unilateral sanctions would be pointless and, the Americans would ultimately stand to lose out alone, he added.

On another front which is of vital importance to the United States is Washington's desperate attempt to break the current impasse over attempts to stop the drug flow into America after Golden Triangle warlord Khun Sa struck a secret deal with SLORC in January for his surrender.

Despite the initial outcry, threats and a US$2 million (Baht 50 million) reward for the arrest of a man it has accused of being responsible for over 60 per cent of the heroin flow into the U.S., Washington later found itself in limbo after SLORC's out right refusal to comply with American requests for Khun Sa's extradition, said the Thai official.

In its quest to win support from Asian and European friends, ironically, the U.S. now finds itself more and more isolated in its Burma policy with ASEAN and Japan refusing to toe Washington's line. Also, U.S. allies in the European Union have failed to live up to their commitments to support democracy and human rights in Burma, despite giving so much lip-service to it. This non-action can be attributed to pressing European domestic politics.

The EU could not come up with a common statement denouncing SLORC for its crackdown on the NLD because the British Government refused to cooperate with other European members in helping reach a consensus unless the 15-nation union lifted its embargo on British beef exports in light of the "mad cow" disease.

Thailand: Journalist Visa Rejected by Burmese Embassy

BK1906053996 Bangkok BANGKOK POST in English 19 Jun 96 p 8

[Unattributed report]

[FBIS Transcribed Text] Rangoon has further tightened restrictions on the issuance of journalist visas. Reporters from the BANGKOK POST, [TV] Channel 3 and Channel 7, who sought entry visas to cover the Yetagun gas deal have had their applications rejected even though they applied as part of an official Thai government delegation.

The Burmese Embassy on June 6 said all visa applications by journalists must be approved by the Foreign Ministry in Rangoon. The embassy also said journalists must travel within seven days upon approval of their visas.

Thailand: Thai-Burma Panel Meets To Discuss Border Tension

BK2006052796 Bangkok THE NATION in English 20 Jun 96 p 6

[Unattributed report]

[FBIS Transcribed Text] Phitsanulok — Thailand and Burma must work together to amicably settle the border demarcation row, a constant irritant in their relations, to ease military tension along their common borders, the Third Army Region commander said yesterday.

The Naresuan Force is now standing face-to-face with 2,000 Burmese soldiers along an area covering 32 square kilometres in Chiang Mai's Mae Ai District opposite Ban Huai Ha in Burma.

Both sides have deployed troops to safeguard national interests.

At a meeting yesterday of the Thai-Burmese Joint Border Committee in this northern province, Third Army Region commander Thanom Watcharaphut proposed that the Foreign Ministries of both countries meet soon to tackle the borderline dispute.

He also suggested that both sides reduce or completely withdraw forces from the disputed area.

He co-chaired the meeting with Burma's Southeastern Force commander Maj. Gen. Khet Sein.

Lt. Gen. Thanom urged Burma to take back thousands of refugees seeking shelter in Thailand for more than a decade, and illegal Burmese immigrants who have sneaked into Thailand over the years through the porous border.

Maj. Gen. Khet Sein asked for evidence to prove that these people were really Burmese and since they carried no identification cards other methods would be found to prove their nationality, the Third Region commander said.

Burma, meanwhile, asked Thailand to step up suppression of log smuggling across the border.

Maj. Gen. Khet Sein was told Thailand had already intensified a crackdown on log smugglers but Rangoon was not doing enough, particularly when the logs were brought into Thailand with the assistance of Burmese authorities.

As for the fishing problem in Ranong, Lt. Gen. Thanom put forward the proposal worked out by the Thai Navy and Fisheries Department urging both countries to set up a special committee to settle disputes. Burma's response wouldn't be known until tomorrow, when the meeting concludes, because the Burmese delegation had to refer the matter back to Rangoon.

Burma ordered indefinite closure of the Ranong-Victoria Point border checkpoint last year and banned all Thai trawlers from operating in its waters after Thai fishermen allegedly killed the Burmese crew of a fishing vessel.

Lt. Gen. Thanom congratulated Burma for its success in persuading drug warlord Khun Sa to surrender since that has helped reduce drug trafficking along the Chiang Rai, Chiang Mai, Mae Hong Son and Tak borders.

He also thanked Burma which recently released a number of Thai prisoners.

Thailand: Conflicts on Burmese Border Prompt 'Alert'

BK2006044896 Bangkok BANGKOK POST in English 20 Jun 96 p 6

[Unattributed report]

[FBIS Transcribed Text] Tak — Security forces are on 24-hour alert amid clashes between the Karen National Union [KNU] and the Democratic Karen Buddhist Army [DKBA] across the border from Tha Song Yang.

Measures to protect local people and prevent incursions have been stepped up as the Rangoon-backed renegades try to regain Bophawta camp, said Pol [Police] Lt. Col. Phairot Rimprakon, commander of Border Patrol Police Company 344.

Units from the Naresuan Task Force and the Fourth Infantry Regiment, rangers and territorial defence volunteers are part of the security operation, he said.

Following renegade threats to attack the Sho Klo refugee camp a number of Karen, especially women, children and the elderly, have escaped since Sunday, he said.

DKBA forces fired 81-mm mortar rounds at Sho Klo on Thursday, injuring three Karen women and a number of children.

Last year, more than 100 Karen crossed to Ban Nong Bua to escape fighting as the DKBA made an unsuccessful attempt to regain Bophawta.

Some 70 Karenni have crossed the Ban Nai Soi pass into Thailand to escape fighting between Rangoon government troops and soldiers of the Karenni National Progressive Party in central Kayah State.

Most of the refugees are women, children and the elderly. They are living with relatives at Ban Pang Tractor and Ban Pang Khuai — 40 kilometres from the Mae Hong Son town centre.

Foreign non-government organisations are providing the refugees with food and medicine.

Thailand: Burma Approaches CP Group for Shrimp Processing Plant

BK2006060196 Bangkok BANGKOK POST in English 20 Jun 96 p 19

[Reporet by Supphamat Kasem]

[FBIS Transcribed Text] Phitsanulok — CP Group has been asked to set up a shrimp processing plant in Burma.

Burma's Southeast Command commander General Ket Sein met CP Group executives during a visit to its animal feed manufacturing factory in Phitsanulok.

He said the best place would be Moulmein, a long coastline province which has rich shrimp resources in farms and the natural environment.

A senior CP executive Anek Bunnam said the company may survey Burma if its head office approves the potential investment.

CP is now waiting for Burmese authorities to approve its integrated poultry business in Rangoon, initially worth about 175 million baht.

Approval has been delayed due to a ministerial reshuffle and unclear information from CP on where the plant would be located.

But Mr Anek said his company had already leased a plot of land in urban Rangoon. At first, chicken meat from the plant would be sold locally but later exported if production costs are cheaper.

CP has invested in poultry in Vietnam and Cambodia. More market information would be needed from Laos.

Mr Anek said if investment is successful, CP may expand to invest in basic infrastructure, transport and communication.

Thailand: PRC's Hong Kong Affairs Director Arrives for Visit

BK1706145796 Bangkok ZHONG HUA RIBAO in Chinese 16 Jun 96 p 8

[Unattributed report]

[FBIS Translated Excerpt] Lu Ping, director of the Hong Kong and Macau Affairs Office of the Chinese State Council; Xu Ze, director of the Hong Kong Government Administration Department of the Chinese State Council; Secretary Liu Zhenxin; interpreter Tan Yajing; and director Lu's wife Lu Xi Guang arrived in Thailand on board Thai International Flight TG 420 from Malaysia on 15 June for a five-day visit at the invitation of the Foreign Ministry.

The delegation was welcomed at the Don Muang Airport by: the deputy director general of the Foreign Ministry's Protocol Department; other senior Foreign Ministry officials; Chinese Embassy Charge d'affaires Guan Mu; Charoen Phokkhaphan [CP] Group Chairman Xie Guomin; CP Group President Xie Zhongmin; CP Group Executive Vice President Li Shaozhu; and other representatives.

After receiving garlands of flowers from the welcomers, the delegation, accompanied by CP Group's Xie Zhongmin and Li Shaozhu, left for Phuket on board a private plane. The delegation is scheduled to return to Bangkok on the afternoon of 16 June. [passage omitted]

Director Lu Ping's foreign tour covers Japan, Singapore, Malaysia, and Thailand. As Thailand has maintained close trade relations with Hong Kong, Lu Ping's visit to Thailand is aimed at boosting the confidence of Southeast Asian countries in Hong Kong after it is taken over by China in July 1997. Director Lu Ping is scheduled to deliver a speech entitled, "The Situation in Hong Kong After China Takes it Over in 1997," at a function to be held by the Foreign Ministry.

Thailand: Army Chief Says Pol Pot Might Still Be Alive

BK1906030296 Bangkok BANGKOK POST in English 19 Jun 96 p 7

[Unattributed report]

[FBIS Transcribed Text] Army Commander Pramon Phalasin made a U-turn yesterday over his statement that Khmer-Rouge leader Pol Pot was dead.

Gen. Pramon said the latest information he had was that Pol Pot might still be alive. Reports of Pol Pot's death, he theorized, could have been spread by a certain party to create confusion.

"The latest information we have is that he may still be alive and we are verifying this information," said Gen. Pramon.

In any case, he said, Pol Pot's ideology had been passed to younger members of the Khmer Rouge, who were expected to carry on with their armed struggle without Pol Pot.

First Army Commander Winit Krachangson, who oversees the Khmer border, said word of Pol Pot's death could have been spread to demoralise the Khmer Rouge.

Thailand: Accord on Deportation of Refugees Not Reached With Laos

BK2006085596 Bangkok BANGKOK POST in English 20 Jun 96 p 8

[Report by Nutsara Sawatsawang]

[FBIS Transcribed Text] Thailand and Laos yesterday postponed for two months a decision on the future of some 2,000 Laotians refugees unlikely to be admitted to the United States.

While the two countries agreed to cooperate in resolving the fate of the refugees in Thailand, they failed to reach a consensus on their possible deportation during informal talks with the United Nations High Commissioner for Refugees (UNHCR).

Laos' Foreign Ministry representative, Latda Pathammavong, ruled out deportation, but Thailand remained adamant the option was the logical choice.

"The Laotian Government as well as the UNHCR disagrees with forced deportation," Mrs Latda said.

But Khachatphai Burutphat, deputy chief of the National Security Council, asserted Thailand's right to use its immigration law to deports the Laotians.

"If they do not go to a third country and the host is not willing anymore to give them shelter, there's only one option — send them back," Mr Khachatphai said.

He said Laos agreed "without conditions" to abide by the repatriation principles the three parties agreed to five years ago.

Participants at the talks yesterday said concrete measures to deal with the refugees were not discussed.

The talks mainly centred on the screening of Laotians for resettlement by the U.S. Joint Voluntary Agency, which began in April and is due for completion by September.

An estimated 1,000 of the 5,000 refugees at Ban Napho in Nakhon Phanom, have been approved for resettlement by the U.S. Immigration Department, said Phakdi Rattanaphon, head of the foreign affairs division of the Interior Ministry.

But Mr Khachatphai said only an estimated total of 3,000 refugees were expected to meet U.S. resettlement criteria.

"Therefore, we are now concentrating on ways of convincing those who remain to go home voluntarily."

According to Mr Phakdi, only 13 people have applied to return home under a UNHCR-backed repatriations programme.

He said concrete measures to deal with the remaining refugees would be discussed at the next tripartite meeting scheduled for late August in the Laotian southern province of Champassak.

Laos has prepared an area of 1,000 hectares in Ban Na Sa-at, Thakhek, in the central Laotian province of Khammouane to accommodate the remaining 2,000 refugees, he said.

Mr Khachatphai also praised the U.S. for its "seriousness and sincerity" in relaxing some admission criteria.

Mr Phakdi said "some of the Laotians still hope (to be able to stay in Thailand), while others have not decided yet".

Thailand: Government Steps To Bolster Exports Questioned

BK2006130296 Bangkok BUSINESS DAY in English 20 Jun 96 p 1

[Report by staff writer]

[FBIS Transcribed Text] Government moves to find speedy remedies for the falling growth rate of exports are meeting increasing opposition from businessmen at the sharp end of the export market, and the proposal to cut interest rates and corporate tax both came under fire yesterday.

M.R. [Mom Ratchawong — royal title] Pridiyathon Thewakun, president of the Export-Import Bank of Thailand, said a reduction of interest rates would not be the right choice to help exporters. Exim Bank already charges borrowers a rate of only 8 percent on funding their export orders. He added that other banks have proved very supportive by charging rates not greatly dissimilar to that of Exim Bank.

He also played down worries about an export decline, suggesting there was nothing unusual about the growth rate slowing after the abnormally high rates of growth in the previous year.

"The growth rate of 23 percent last year was unusually high and it is normal that it is slowing down this year," he said.

The fall seems to be dangerous but actually the growth target of 18 percent is regarded as rather high compared to that of other countries. In the past ten years, Thailand's export had expanded by between 16 and 23 percent, he said.

M.R. Pridiyathon also suggested that Thailand should concentrate on solving the immediate problems of rising imports because exports probably could not be pushed to grow at more than 18 percent. The prime need was for the public to reduce consumption of imported goods.

A local businessman whose companies export in fairly high volumes agreed that financing costs were not very material in the equation.

He noted that many overseas markets for Thai goods were sluggish compared to last year and that, increasingly, low-cost goods from countries such as China and India were supplanting Thai products in the U.S. and Europe.

Likewise, reducing the rate of corporate taxation would give only a limited advantage to exporters and would be unlikely to lead to a marked increase in the level of sales of Thai goods overseas.

Suchat Chawisit, Revenue Department director general, said yesterday that the export industry does not shoulder a great deal of the total tax burden at the moment as companies can reclaim value-added tax on goods exported.

In addition, he said, a company that makes a loss at the end of the year would be exempted from corporate tax.

The Revenue Department had been assigned by the government to look into the possibility of a cut in corporate tax as a means of boosting exports. At present, businesses are subject to corporate tax of 30 percent a year.

"The reduction would not help cut down production cost of exporters but would only increase earnings of profitable companies he said.

However, Mr Suchat said his department sent the results of a study on reduction of corporate tax to the Finance Ministry last week. The department did not submit the plan as part of a complete change in the tax system because it was urgently required by the ministry. Besides, it is not an appropriate timing for a total restructuring, he said.

A restructuring of the entire tax system against a background of a significant downturn in exports and a stock market setback is not appropriate because it would result in a decrease of government revenues, he added. The reduction was intended to help boost exports whose growth has decreased from 24.3 percent in the first quarter of last year to 7.5 percent this year.

Mr Suchat said his department had sent both positive and negative sides of the tax question for the ministry to consider without making any recommendation. "The department is not in a position to say whether or not the tax should be reduced," he said.

He indicated that a reduction by one percentage point would result in a loss of state revenue of seven billion baht. Should the tax be reduced from 30 to 25 percent, it would translate into a loss of state revenue of 35 billion baht.

Export industries need to take steps to improve their own competitiveness. The textile sector, for example, should concentrate on manufacturing apparel for a higher level of market, he said.

Thailand: Navy Suspends Plan To Procure 2 Attack Submarines

BK1806053896 Bangkok BANGKOK POST in English 18 Jun 96 p 2

[Unattributed report]

[FBIS Transcribed Text] The Navy has suspended its plan to procure two diesel-powered attack submarines after Prime Minister Banhan Sinlapa-acha convinced the naval chief that the Government did not have the budget to finance the purchase.

An informed Navy source revealed yesterday that Navy Commander- in-Chief Adm. Prachet Siridet had informed his subordinates about the decision to defer the purchase of submarines, at least for the time being.

The Navy had revised its proposal, agreeing to settle for just one submarine with a five-year tied-over fund of 7.5 billion baht after its earlier plan to procure simultaneously two attack submarines worth 17 billion baht over a seven-year period was rejected by the Budget Bureau.

"So we will no longer push for the submarines. It's over," said the source who added that the Navy might try to seek financing for their purchase from the 1998 budget.

Navy Chief-of-staff Winai Intharasombat, meanwhile, confirmed the report, saying the Navy realised that financing for the project was not possible under the current budgetary constraints.

The Navy has maintained the acquisition of submarines was vital to national security.

Thailand: Generals Deny Benefits From Armored Cars Purchase

BK2006040896 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 19 Jun 96

[FBIS Translated Text] The defense minister reaffirmed that nobody benefited from the military's decision to purchase armored cars from a French firm. Defense Minister General Chawalit Yongchaiyut said that the army's weapons procurement is scrutinized by several screening committees, and that allegations that certain persons benefited from the deal were false.

[Begin recording] [Chawalit, in progress] ... here. Therefore, I would like to tell you that the soldiers are aware of that. That is why they said the French Government and the French firm are a guarantee for us. They supplied us with all kinds of details. It would be a pity if the story did take place, as claimed by the mass media. Do you understand? I raise this matter because I would like to assure you that the military has seriously looked into this matter. We did not let that happen.

[Unidentified reporter] Do you mean the minister has also checked it, and do you mean [words indistinct]?

[Chawalit] The military has checked it. What did you say?

[Unidentified reporter] Does it have to be checked by the minister?

[Chawalit] Many weapons procurement must be checked by me if they involve a large sum of money, a sum beyond the spending authority of the armed forces commanders. If it is beyond their authorized spending budget, it must go to the minister. I do not remember the exact figures, but they have to be checked by me in most cases. We have committees to control weapons procurement. Those committees also do the screening. [end recording]

Supreme Commander General Wirot Saengsanit meanwhile confirmed that the Supreme Command's decision regarding the purchase of armored cars for the army has been screened by the military committee. He appeals for an end to the comments because, he says, the military wants respect from other parties as well.

[Begin recording] [Wirot, in progress] ... studying by the committee. Well, things are not the same. For example, you may be pretty, but a little bit too short. This other girl might not be as pretty, but she is taller, and therefore better. This is one example that I can cite. We have to judge what is the best for the army; and that is final. The committee has studied this thoroughly and fairly. That's all. I would like to ask for some respect for the military committee. Please do not suspect the role of the military committee. Please respect the soldiers. [end recording]

Thailand: Supreme Commander Criticizes Press for Report

BK2006054596 Bangkok THAILAND TIMES in English 20 Jun 96 p A1

[Unattributed report]

[FBIS Transcribed Text] Bangkok — Supreme Commander Wirot Saengsanit yesterday slammed the press for reporting he had intervened in the Army's arms procurement.

"What you said shamed Army Commander Pramon Phalasin. How could I have intervened in his work?" Wirot said, adding that soldiers had dignity and the press should respect that.

Local media recently accused Wirot of interfering in the Army's purchase of 295 VAB armored personnel carriers worth five billion baht from France. They said he had approved a bid from a French dealer before the Army had given its own approval.

They also said the army was not happy with the model which was eventually ordered.

"You shouldn't be obsessed with finding corruption," said Wirot.

He said he would meet with French Ambassador to Thailand Gerare Coste tomorrow to discuss the issue.

The supreme commander added that reporters would be allowed to quiz Coste, particularly over false rumors of unfair bidding for the contract, which was won by French arms makers GIAT Intergrade.

Wirot blamed a Canadian company who lost the bidding, Hawkeye Intergrade, for starting the rumors. He said they had faxed a leaflet containing misleading information to TV Channel 7 recently.

Wirot said both the military and the police would stop buying from that dealer.

The supreme commander also said he would give three billion baht of a special five billion-baht defense budget to the Army, and another one billion each to the Navy and the Air Force.

Vietnam

SRV: 'Three Hundred' Boat People in Malaysia Await Repatriation

BK1806015796 Hanoi Voice of Vietnam in English 1000 GMT 17 Jun 96

[FBIS Transcribed Text] A camp for Vietnamese boat people in Malaysia has been closed down. The Sungai Besi camp was near the Malaysian capital of Kuala Lumpur. Three hundred Vietnamese boat people are now waiting to return to Vietnam under the voluntary repatriation program.

SRV: Radio Essay Denounces Reactionaries

BK2006131496 Hanoi Voice of Vietnam Network in Vietnamese 2330 GMT 18 Jun 96

[Essay by Phan Hai from "Topical Talk" feature]

[FBIS Translated Text] Our compatriots and soldiers in all regions of the country are earnestly scoring achievements to welcome the eighth national party congress. Our people from all walks of life are enthusiastically contributing views to the draft political report of the eighth national party congress and placing their trust and love to our glorious Communist Party of Vietnam [CPV]. Overseas Vietnamese are directing their attention to our fatherland and sharing the joy at the great national improvements after 10 years of renovation. Hostile forces and reactionaries, however, are now stubbornly and urgently opposing and sabotaging our people's renovation undertaking.

The achievements recorded by our people in the renovation undertaking have attracted the attention and admiration from friends all over the world and have become an interesting subject for the Western newspapers and mass media agencies. For nearly a year, especially in recent months, the Western newspapers and mass media agencies have mentioned Vietnam a lot. Most of their attention is aimed at the CPV's Eighth National Congress.

Quite a few newspapers and mass media agencies, with and without representative offices in Vietnam, have correctly reported and evaluated our national renovation, especially in economic development and political stability. They have rendered relatively accurate knowledge regarding Vietnam's achievements in the renovation years to their readers and listeners, thus contributing to the cooperation and friendship between Vietnam with the world.

There are also newspapers and mass media agencies that have incorrectly reported and evaluated the situation in Vietnam. This could have happened because they lacked information, or they only obtained information indirectly; perhaps their writers do not thoroughly understand our national situation and traditional characters of the Vietnamese people. There are other newspapers and mass media agencies, however, that have carried inaccurate reports and biased commentaries not because they lack the information, but because they intend to distort the truth with hopes to create a misunderstanding regarding the people's renovation undertaking. This is regrettable.

The Vietnamese newspapers and magazines published by reactionary groups have mentioned the situation in Vietnam nearly every day. They have mainly reported on the preparation of the CPV Eighth National Congress with resentful, distorted, slanderous, and provocative tones. Moreover, these groups have regularly held seminars in the United States, Germany, and the Czech Republic about freedom and democracy for Vietnam. They have conducted many interviews on the situation in Vietnam. Traitors who were quiet for a while now appear at many seminars and interviews and write articles for many newspapers.

Why have they zealously paid such attention to the situation in Vietnam and our eighth national party congress? Is it true that they honestly want the CPV to continuously grow and lead the Vietnamese revolution and people to independence, freedom, prosperous population, powerful national, and just and civilized society under the path of the socialist revolution? Certainly not. So what do they want?

After 10 years of renovation, our people have recorded important achievements. The people's lives have gradually improved. The nation has extricated itself from the socioeconomic crisis, despite weaknesses in some areas. Our political stability, national defense, and security have been maintained. National independence and sovereignty have been ensured. Our friends in the world have come to us in increasing numbers. Our position in the international community has been enhanced. These improvements are just the beginning, but they are important in order to create momentum for the new development period of national industrialization and modernization. These salient achievements are not only happily recognized by the Vietnamese people and overseas Vietnamese who visit their homeland, but also by friends all over the world who have also noticed and shared the joy with admiration. Of course, we still have many weaknesses, shortcomings, and difficulties. Social evils, especially corruption and waste, are still painful for everyone.

Nevertheless, some people regard the achievements of our people's renovation undertaking with hostility and resentment. While they cannot deny our people's achievements, they say that Vietnam only revamps its economy and achieves a certain level of economic development, but it has not reformed its politics for freedom and democracy and that its economic reform is still slow and half- hearted. Other people, who cannot say anything meaningful, have to carelessly say that the development is true, but it is not healthy.

The most active part still relates to political and ideological issues. Printed matters and magazines have been smuggled into Vietnam to covertly circulate information and articles written by the Western mass media agencies and Vietnamese reactionary organizations and groups. These reactionary groups have also spread their word via word-of-mouth, fax machines, and the telephone. Their song is nothing new. It merely repeats that socialism in the USSR and Eastern Europe has collapsed. The choice of socialist revolution in Vietnam is wrong and dead-end. This will surely lead to poverty and backwardness. It is necessary, therefore, to part with Marxist-Leninism and the Ho Chi Minh Thought and follow the third path.

According to them, in order to integrate into the international community for rapid prosperity, Vietnam must apply pluralism and multiparty system. They also suggest that the Armed Forces must be separated from the party leadership and the Armed Forces must be returned to their only duty of fighting against foreign invasion. They find ways to disregard the fighting, working, and production function of our Armed Forces, separate the Armed Forces with the party, and depoliticize the Armed Forces. Currently, some Vietnamese exiled organizations and individuals start saying that Vietnam lacks democracy, it violates human rights, and oppresses political dissidents, that Vietnam must free political prisoners, and so forth.

It appears that there is nothing new in that chorus. What is new here is that as the eighth party congress approaches, the allegations in the Western press and radio stations increase, and the number of reactionary newspapers and documents smuggled into the country grows. Hiding under various guises, such as 'action programs,' the contents of such documents and newspaper articles by various organizations, factions, and personalities serve no purpose other than to spread distorted and incendiary propaganda. They hope to create doubts about political and ideological issues so as to sow division within internal ranks of our party and people and to undermine the unity and unanimity of the party from within, thereby paving the way for a peaceful evolution.

One of the principle issues of our party and state is to broaden democratic activities in society, encourage all party cadres and members and the people of all strata to develop their democratic spirit and their intelligence by participating in discussions and contributing their views on the party and state's policies, lines, and strategic decisions. This is because our party advocates that the revolutionary cause belongs to the masses and that the party's work is also that of the people.

In political activities, particularly in party activities, all party cadres and members, whatever their position, have the freedom to speak their views. All differing views must be respected and scrupulously studied. They should be discussed frankly and democratically if we are to achieve a harmony of views, concepts, thoughts, and actions. With these newly-arising and complex issues, we must agree unanimously on issues. This attests to our party's maturity in terms of its politics, intelligence, knowledge, and work method from the grassroots to the central level. Yet the enemy has fabricated stories about division, factionalism, and the likes within the party. They have sought ways to propagate, bribe, and woo opportunistic, degrading, and deviant elements, and those who are willing to betray the party. This is a psychological trick aimed at creating skepticism and internal division in a bid to undermine our party organizationally.

Obviously, that psychological ploy can in no way cause anyone to waiver. Facts show that unity and unanimity are a fine tradition in our party and people. The history of our party, and its growth over the past 66 years shows that there has never been any division or discrimination in the party regarding ideology and organization. Instead, at every point of the revolution—no matter if they are enjoying opportunities or facing danger or ordeals—all party cadres and members from the central level down to the grassroots-level would tighten their ranks more closely and become increasingly singleminded in terms of their thoughts and action. There are no factions at all in our party other than a sole, united and singleminded bloc that struggles loyally in the best interest of the working class and of the nation.

Coordinating with the above sabotage activities, external reactionary forces of all colors have repeatedly organized many seminars and issued many resolutions in hope to foment a widespread campaign.

Dear comrades and friends: What we discussed above were merely some examples. It should be enough, however, to answer the question: What do they want?

Since the Cold War, the issue is independence or dependence. The struggle between socialism and capitalism will not vanish but, rather, it will become tougher and fiercer.

Over the past 65 years or so, the Communist Party—which was founded and led by President Ho Chi Minh, experienced untold sacrifice and hardships, and overcame many ordeals and dangers—led the Vietnamese revolution and succeeded in regaining national independence and achieving national unification. It has scored many important achievements toward building a bountiful and happy life on the path of transition to socialism.

Every victorious step of our revolution has aided our national independence and our path toward socialism has become more clearly determined. This is a blow to the enemy.

Each time our revolution is faced with a turning point, an ordeal, or danger, the enemy of all colors would collude with one another in staging frenzied sabotage attacks to cause the Vietnamese revolution to stray from its course. As history has shown, however, whenever faced with such a situation, our party becomes increasingly united and singleminded; and our people have more love and trust in the party and became more attached to it. That is why the Vietnamese revolution boat was still able to maintain its steady headway.

Today, our posture and strength is much stronger than before. Although faced with various ordeals and dangers, we are enjoying many great opportunities. Fierce sabotage activities by hostile forces may cause certain difficulties to our country's revolution. The enemy believes that this is an opportunity to alter the direction and change the color of the Vietnamese revolution. Having survived many storms, our party becomes more experienced and mature in all respects and our people have more love and trust in the party. They become more thoroughly aware of the socialist path they are pursuing and their confidence has become ever more consolidated.

Although our party and people are lenient and merciful, they are also very alert and vigilant. The results of the party congresses held at various levels from the grassroots to the province and city levels and by those party organizations under the direct jurisdiction of the central authority have underscored the extremely valuable tradition of our party and people — to promote unity and unanimity. We must preserve the party's unity. This is a strong citadel that has created the Vietnamese revolution's invincible strength that cannot be destroyed by any force.

Australia

Australia: Defense Minister Leaves for Talks in U.S.

LD2006110896 Melbourne Radio Australia in English 0900 GMT 20 Jun 96

[FBIS Transcribed Text] Australia's defense minister, Ian McLachlan, has left for Hawaii to undertake high-level talks with the United States military on closer defense ties. The talks with the commander-in-chief of the U.S. Pacific forces are in line with Canberra's recently announced plans to strengthen defense links with the U.S.. In a statement Mr. McLachlan said it was in the region's interest to have a continued U.S. presence in the area, including giving American forces part-time use of Australian bases. He said likely subjects for discussion were access to training areas, particularly in northern Australia, and the pre-positioning of American equipment. Mr. McLachlan will then head to Washington for talks with U.S. Defense Secretary William Perry.

Australia: Downer on 'Disturbing Development' in PNG

BK2006065996 Sydney THE SYDNEY MORNING HERALD in English 20 Jun 96

[Report by Greg Roberts — Received via Internet]

[FBIS Transcribed Text] Amid indications that the biggest military offensive of the seven-year war on Bougainville is imminent, the minister for foreign affairs, Mr Downer, has expressed concern at what he describes as a "disturbing development".

Mr Downer is understood to have conveyed Australia's concerns yesterday to the Papua New Guinean prime minister, Sir Julius Chan.

An offensive involving more than 1,300 PNG [Papua New Guinea] troops and police will begin soon in an attempt to eliminate the separatist Bougainville Revolutionary Army (BRA).

The BRA released a transcript yesterday of what it claimed was an intercepted radio command to troops of the First Battalion of PNG's Royal Pacific Islands Regiment, which is joining forces with the Second Battalion in a bid to trap the BRA in its mountain strongholds.

It reportedly ordered troops to stand by for casualties, prepare to evacuate the wounded and ensure a flow of supplies to "front- line" troops. Troops were reportedly told to "get into areas as hard as you can" and to "shoot at anyone you find in the jungle".

The office of the PNG defence minister, Mr Mathias Ijape, declined to comment on the transcript.

A spokesman for Mr Downer said the government did not believe there could be a military solution to the conflict. "The government is aware of indications the PNG Government is planning a military offensive on Bougainville. If it is true, it is a disturbing development," the spokesman said.

"The government believes only a negotiated settlement can bring a solution."

Sir Julius declined to comment.

Responding to BRA allegations that the PNG military was preparing to use Australian-supplied helicopters, motor launches and other military equipment in the offensive, Mr Downer's spokesman said Port Moresby had given assurances the equipment would not be used in operations on Bougainville.

As the PNG military imposed a ban on media reporting from the island yesterday, the BRA General Commander, Sam Kauona, issued a statement saying his men were preparing for the battle.

"The BRA welcomes the declaration of "all-out war' and is waiting to meet the PNG forces," Mr Kauona said.

Mr Kauona said the offensive was designed to divert attention from the economic, social and law-and-order problems that were "sinking" PNG.

The PNG Cabinet was briefed on the offensive by the military yesterday.

According to PNG Government sources, about 20,000 people have been forced to leave their homes in potential combat zones to join an estimated 30,000 already in government-controlled "care" centres.

Australia: Concern at Planned Bougainville Offensive Noted

BK2006061896 Melbourne Radio Australia in English 0500 GMT 20 Jun 96

[FBIS Transcribed Text] Australian high commissioner in Port Moresby has been ordered to make representations to the Papua New Guinea [PNG] Government expressing Australia's concern at preparations for a military offensive on Bougainville.

High Commissioner David Irvine has been told by Canberra to meet with the PNG Government today after reports that the PNG military is about to conduct a major attack on Bougainville rebels. Australia's foreign minister, Alexander Downer, described the military preparations as a disturbing development. However, a spokesman for Mr. Downer said PNG had given assurances that military equipment provided by Australia, including helicopters, would not be used in any offensive.

Mr. Downer also repeated Australia's view there could be no military solution to Bougainville conflict. The move follows calls from a Sydney-based representative of the Bougainville Revolutionary Army [BRA], Moses Havini, for Australia to take a much more decisive role in trying to stop the warfare. Mr. Havini says the BRA commander, Sam Kauona, has welcomed the declaration of all-out war against his militants, saying it could be a deciding point in the six-year conflict.

Australia: Thais Accuse Police of Exploiting Threat

BK2006042396 Melbourne THE AGE in English 19 Jun 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Thailand has accused Australian police of perpetuating a Thai gangster death threat against a former foreign minister, Mr. Gareth Evans, so they could boost funding for the protection of VIPs. Thailand's top foreign ministry official, Mr. Thep Devakhul, said they failed to supply anything "concrete" to support the allegation. The threat forced Mr. Evans to live under protection for almost two years, costing taxpayers millions of dollars. Efforts by the Howard government to prevent a rift with Bangkok over a report of the threat appear to have failed. Thailand was one of Australia's strongest allies in the Association of South- East Asian Nations and had warmly welcomed Canberra's push for closer ties with Asia. The threat to Mr. Evans became public last month when a cabinet submission calling for $17 million [Australian dollars] for Australian Federal Police to boost security for ministers was leaked. The submission said extra security was needed for the Foreign Minister and Deputy Prime Minister. It said that the office of foreign minister had a high profile that had "drawn specific threats to the physical well-being of the office-holder". The source of the threat was a drug informant, who said he had heard gangsters linked to the Thai military saying they had a contract out on Mr. Evans. The ABC quoted a senior Thai intelligence official as saying there was no credible threat to Mr. Evans. His protection is believed to be continuing.

Papua New Guinea

Papua New Guinea: Troops Prepare for Bougainville Offensive

BK1906132996 Sydney THE SYDNEY MORNING HERALD in English 19 Jun 96

[Report by Gred Roberts — received via internet]

[FBIS Transcribed Text] Tens of thousands of villagers have been ordered from their homes on Bougainville as Papua New Guinean [PNG] troops prepare for their biggest offensive of the seven-year war on the strife-torn island.

A source close to the PNG prime minister, Sir Julius Chan, said the government was determined to "wipe out" the Bougainville Revolutionary Army (BRA) and "destroy forever" its goal of an independent Bougainville. More than 500 troops of the First Battalion of PNG's Royal Pacific Islands Regiment have landed on the island recently.

They would normally be relieving the regiment's Second Battalion, but its soldiers have been ordered to remain on Bougainville and many have been supplied with new weapons over the past two weeks.

The total of between 1,300 and 1,400 PNG troops, police and support staff now on Bougainville is the biggest military force assembled on the island by Port Moresby.

According to PNG Government sources, troops plan to attack from points on the island's eastern and western coasts in a pincer movement aimed at isolating and destroying the BRA.

They aim to trap the guerillas in their strongholds in Bougainville's mountainous interior, especially in the Crown Prince Range and congara regions.

The commander of the PNc Defence Force, Brigadier Gerry Singirok, will seal the border with the Solomon Islands to prevent BRA members escaping PNG territory.

Police notices have directed residents in potential combat zones around the disbanded Panguna copper mine and elsewhere to join an estimated 30,000 people already in government-controlled "care" centres.

The PNG police commissioner, Mr. Bob Nenta, warns in the notices that villagers may "face the consequences" if they fail to move. The offensive follows a warning by Sir Julius in March that the BRA's"darkest hour had come" when he ended an 18-month cease-fire on Bougainville.

It highlights the failure of repeated efforts by the Australian Government tobroker a settlement.

After the ceasefire was lifted, Canberra agreed to sell $200,000 [Australian dollars] worth of military supplies to PNG, including body armour, in addition to equipment supplied under Australia's annual $16 million defence co-operation arrangements.

The BRA's Australian representative, Mr. Moses Havini, said preliminary advice from the island indicated Australian-supplied Iroquois helicopters, motor launches, automatic firearms and small arms would be used in the offensive.

Mr. Havini said the biggest losers would be civilians caught up in the fighting. He called on the minister for foreign affairs, Mr. Downer, to intervene to use Canberra's influence to try to prevent the clash.

Mr. Havini said the BRA was capable of withstanding any assault by PNG forces.

Papua New Guinea: Forces Restrict Travel to Bougainville

LD1906091296 Melbourne Radio Australia in English 0800 GMT 19 Jun 96

[FBIS Transcribed Text] Papua New Guinea's security forces have banned all civilian, non-Bougainvillians from travelling to the island as troops prepare to launch an operation in Bougainville rebel heartland. Sean Dorney reports that the already strict control of movement into Bougainville has been further tightened.

[Begin Dorney recording] Effectively, the blockade of Bougainville is back in full force. Amongst the restrictions: air charters forbidden, a ban on public meetings, a curfew, and a single processing point for boats wanting to cross Buka Passage to the main island. The bulk of the 500 troops from the PNGDF's [Papua New Guinea Defense Forces] first battalion have now arrived in the former capital of Arawa, after travelling by ship from Port Moresby. The first objective of Operation High Speed II [as heard] is the abandoned copper mine at Panguna — 20 km inland from Arawa in the Crown Prince Ranges. The move hasn't begun yet. People in the target area of Kongara are still being told to move out. But so far only about 200 have left their mountain villages. Sean Dorney, Port Moresby. [end recording]

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